



FALLBROOK UNION

ELEMENTARY SCHOOL DISTRICT

Fallbrook Union Elementary School District

Annual and Five-Year Report
For Fiscal Year 2024/2025

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SECTION I. EXECUTIVE SUMMARY

Under Education Code 17620 *et seq.*, school districts may levy fees (“School Fees”) in order to offset the impacts to school facilities from new residential and commercial/industrial development. In accordance with Government Code section 66006(a), the Fallbrook Union Elementary School District (“School District”) established a separate capital facilities account or fund more specifically identified as Fund 25, Capital Facilities Fund, for the deposit of collected School Fees.

With respect to Fund 25, in accordance with Government Code Sections 66001 and 66006, School District shall, within 180 days after the last day of the fiscal year and at least 15 days prior to a public meeting of the Governing Board, make available to the public certain information regarding the collection and expenditure of School Fees collected under the authorization of Education Code Section 17620 *et seq.* and Government Code Section 65995 *et seq.*

This information shall consist of the following for the prior fiscal year (the “Annual Report”):

- Beginning balance
- Ending balance
- Type and amount of School Fees collected
- Interest earned
- Identification of any inter-fund transfers or loans, if applicable
- Amounts of any refunds and/or allocations
- Identification of the project(s) on which School Fees were expended, including the amount of the expenditures on each project, and the percentage of the cost of the project funded by School Fees if funded or partially funded with such fees
- Identification of an approximate date by which the construction of the project will commence if the School District determines that sufficient funds have been collected to complete financing on an incomplete project
- Identification of each public improvement in the previous report and whether construction began on the approximate date noted in the previous report, and if construction did not commence by the appropriate date, any reason for the delay and a revised approximate date.

In addition, the School District must identify the following information with respect to the portion of the School Fee account and/or subaccounts remaining unexpended, whether committed or uncommitted (the “Five-Year Report”):

- Identification of the purpose to which the School Fee is to be expended (with respect to portions remaining unexpended)
- Demonstration of a reasonable relationship between the School Fee and the purpose for which it is charged
- Identification of all anticipated sources and amounts of funding anticipated to complete financing for incomplete projects and the approximate date funding is expected to be deposited.

For the purposes of annual and five-year reporting requirements, School Fees do not include letters of credit and bond proceeds secured by payment of School Fees at a future date; revenues from developments under special mitigation agreements; or any other financing instrument used by the School District to fund school facilities construction and improvements.

The Governing Board will review the Annual Report and Five-Year Report (collectively the “Report”) at the next regularly scheduled Board meeting, at least 15 days after the Report was made available to the public. In addition, at least 15 days prior to the meeting, the School District will post a public notice of the time and place of the meeting, including information with respect to where the Report may be reviewed, and will mail the public notice to any interested party who timely filed a written request with the School District for mailed notice of such meeting.

SECTION II. ANNUAL REPORTING REQUIREMENTS

A. Type and Amount of Fee

School Fees are deposited into the Capital Facilities Fund, Fund 25, which is used primarily to account separately for monies received from fees imposed upon development projects as a condition of approval. The School District collected Level I Fees on residential and commercial/industrial development in Fiscal Year 2024/2025, which are collected pursuant to Sections 17620 et seq. of the Education Code and Sections 66001 and 65995 et seq. of the Government Code. Level I Fees are levied on a per square foot basis for commercial/industrial construction/reconstruction and residential construction/reconstruction.

The amounts and effective dates for the Level I School Fees authorized to be imposed by the School District's Governing Board after adoption and during the Fiscal Year 2024/2025 are set forth in the table below.

Development Class	School Fee Collection Dates	School Fee per Square Foot
New Residential Construction	July 1, 2024 through June 30, 2025	\$3.19
New Commercial/Industrial Construction	July 1, 2024 through June 30, 2025	\$0.52
New Commercial/Industrial Construction – Rental Self-Storage	July 1, 2024 through June 30, 2025	\$0.068

B. Beginning and Ending Balance of Account, School Fees Collected, Interest Earned and Disbursements

Subject to Government Code Section 66006(C), (D), (E), (G), and (H), School Fees deposited and disbursed from Fund 25 in Fiscal Year 2024/2025 were as follows:

Item	Amount
Beginning Balance July 1, 2024	\$6,011,413.30
<i>Revenues:</i>	
School Fees Collected	\$336,889.85
Interest Earned	235,129.42
Investment Gains/Losses	93,914.00
<i>Revenues Subtotal</i>	<i>\$665,933.27</i>
<i>Disbursements:</i>	
Project Expenditures	(\$932,276.82)
Interfund Transfers Out	0.00
Miscellaneous Transfers Out	0.00
<i>Disbursements Subtotal</i>	<i>(\$932,276.82)</i>
Ending Balance June 30, 2025	\$5,745,069.75

C. Improvements on Which School Fees Were Expended

Government Code Section 66006(b)(1)(E) requires an identification of public improvements upon which School Fees were expended, along with the amounts and percentage of total project expenditures that were funded by School Fees. Project costs are summarized in the following table.

Project	Amount of Project Funded	Percentage of Project Funded
CNS Expansion Project	\$681,194.18	60%
Territory Transfer True-up Costs to Bonsall USD	251,082.64	100%
Total	\$932,276.82	NA

D. Anticipated Dates of Commencement for Sufficiently Funded and Incomplete Public Improvement Projects

Should the School District determine that sufficient funds are available to complete an incomplete public improvement project, pursuant to Government Code 66006(b)(1)(F), the School District must identify an approximate date by which construction of the public improvement will commence. In addition, the School District must indicate whether construction began by the approximate date on each public improvement project identified in the previous report, and for any such public improvement project for which construction did not commence by the approximate date, any reason for delay and a revised approximate date. Public improvements expenditures that have received sufficient funding are detailed below, along with the indication if the public improvement project was included in the previous report or added for the current reporting.

Project	Anticipated Date of Commencement	Included in Previous Report
CNS Expansion Project	March 2025	Newly Added
Territory Transfer True-up Costs to Bonsall USD	February 2023	Newly Added

There were no incomplete public improvement projects identified in the previous report¹; therefore, there were no changes or delays in the commencement dates.

E. Interfund Transfers or Loans

Government Code Section 66006(b)(1)(G) requires the description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan. No interfund transfers or loans were issued in Fiscal Year 2024/2025.

¹ Developer Fee Report – Capital Facilities Fund, adopted by the Governing Board of the School District on December 13, 2024.

F. Refunds or Allocations of School Fees

Government Code Section 66001(e) stipulates that the School District is required to refund unexpended portions of fees and interest accrued to property owners, should the School District determine that sufficient funds have become available to complete any incomplete projects (as described under Government Code 66006(b)(1)(F)) but not identify an approximate date by which construction of the public improvements will commence within 180 days, subject to exceptions described under Government Code 66001(f). No such refunds were issued in Fiscal Year 2024/2025.

Likewise, Government Code Section 66006(b)(1)(H) requires the School District to provide a description of the amount of any allocations made pursuant to Government Code section 66001(f). No such allocations were made in Fiscal Year 2024/2025.

END OF ANNUAL REPORTING REQUIREMENTS

SECTION III. FIVE-YEAR REPORTING REQUIREMENTS

Government Code Section 66001 requires the School District to make the findings set forth in this Section III, for the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, with respect to the portion of the account or fund remaining unexpended, whether committed or uncommitted.

A. Purpose to Which the School Fee is to be Expended

The purpose of the School Fees collected on new residential and commercial/industrial development is to fund construction and reconstruction of school facilities required to serve students generated by new development within the School District and to maintain existing levels of service related to increased demand on facilities due to development (See Ed. Code, § 17620 et seq.). This includes, without limitation, use of School Fees, as necessary, to provide interim housing for children generated by new development, and for other school-related considerations relating to the School District's ability to accommodate enrollment generated from new development and costs attributable to the increased demand for school facilities reasonably related to new development and necessary to maintain existing levels of service. Likewise, fees will also be used for other indirect and support services related to construction and reconstruction of school facilities necessary as a result of development.

For additional information on specific projects for which School Fees are anticipated to be expended, please refer to the table found in Section III. C of this report.

B. Reasonable Relationship Between the School Fee and the Purpose for Which It Is Charged

As demonstrated in the School District's most current fee justification study, there is a roughly proportional, reasonable relationship between the new residential, commercial and industrial development upon which School Fees are charged and the need for additional school facilities in that the students that are generated by development will be accommodated by the school facilities for which the School Fees are expended. The School Fees charged on development projects will be used (1) to fund school facilities needed to serve the students generated from development, and (2) to modernize or refurbish existing facilities to address increased demand on the facility due to development and enrollment and is necessary for the School District to maintain existing levels of service. Additionally, the School Fees do not exceed the cost of providing school facilities for the new students generated from new development. Rather, the School Fees only partially mitigate the impact caused by development and do not adequately fund the school facilities necessary to accommodate the students generated by such development.

C. Identification of All Sources and Amounts of Funding Anticipated to Complete Financing for Incomplete Projects and the Approximate Date Funding is Expected to be Deposited

The following table provides the information required by Government Code Section 66001(d)(1) (C) and (D). The information is reported as of the date of this report and is subject to change.

Project Name	Source of Funding	Expected Deposit Date	Anticipated Funding Amount	Total Estimated Project Costs
Live Oak Elementary (Growth) ¹	Fund 25	On Hand	\$5,745,000	\$5,745,000
Live Oak Elementary (Growth) (Remaining Costs) ¹	Fund 25	As Available	\$8,755,000	\$8,755,000

¹ Live Oak Elementary growth needs were identified in the Facilities Long Range Master Plan approved by the Governing Board of the School District on May 9, 2024.

END OF FIVE-YEAR REPORTING REQUIREMENTS