

ELK GROVE UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

ELK GROVE UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

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ELK GROVE UNIFIED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Elk Grove Unified School District
Elk Grove, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Elk Grove Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Elk Grove Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Elk Grove Unified School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Elk Grove Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This resulted in a restatement of the beginning governmental activities net position of \$27,260,284. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Elk Grove Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Elk Grove Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Elk Grove Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 15 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 60 to 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elk Grove Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the Elk Grove Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Elk Grove Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Elk Grove Unified School District's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Sacramento, California
December 19, 2025

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. Certain comparative information is required to be presented in this document.

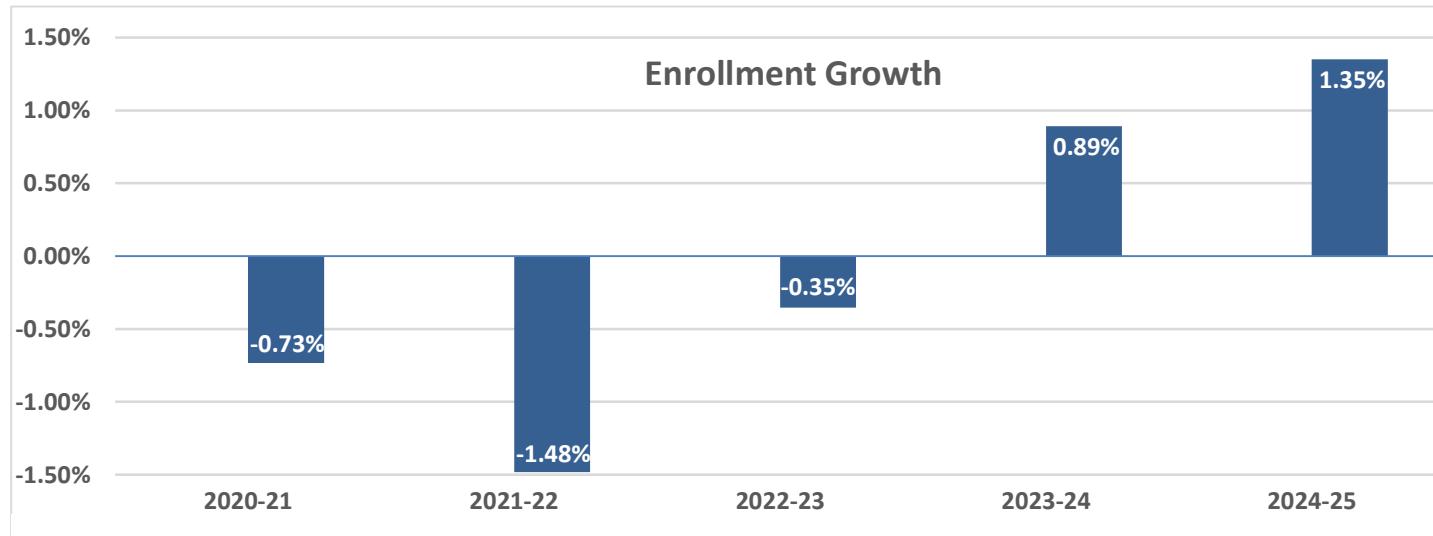
District Overview

Elk Grove Unified School District (the "District") is an award-winning district known for its commitment to academic excellence and learning for all students. Located in Sacramento County, one of the most diverse and least segregated areas of California, the District provides educational services to the residents in and around the cities of Elk Grove, Rancho Cordova, and Sacramento, as well as unincorporated areas of Sacramento County. Elk Grove Unified is California's fourth largest school district and the largest in Northern California, covering 320 square miles and serving approximately 64,000 students speaking 120 different languages. Nearly 63% of enrolled students are either English learners, foster youth, or eligible for free or reduced-price meals.

For fiscal year 2024-2025, the District operated 43 elementary schools, nine middle schools, nine comprehensive high schools, three alternative high schools, one special education school, one independent study school, one adult school, and one charter school. As of the end of the 2024-2025 school year, the District employed 4,020 certificated and 2,966 classified staff.

Offering a multitude of educational programs, including nearly 70 career-themed academies and pathways within 13 industry sectors, the District prepares its students for college, career, and life by supporting them with the means to be creative problem solvers; self-aware, self-reliant, and self-disciplined; technically literate; effective communicators and collaborators; and engaged in the community as individuals with integrity. The District integrates rigorous academics with career-based learning and real world workplace experiences and ensures that Every Student is Learning, in Every Classroom, in Every Subject, Every Day to Prepare College, Career and Life Ready Graduates.

The District was historically among the fastest growing in the nation. Growth slowed due to pandemic-related economic impacts and demographic shifts in maturing areas. Enrollment is now returning to pre-pandemic levels, supported by the addition of transitional kindergarten. Certain regions within the District continue to grow, creating a need for new schools.



Source: Ed-Data.org, Census Day Enrollment by Non-Charter, collected in October of each year

Governance

The District is governed by an elected seven member Board of Education and one student representative. The board members represent seven geographic areas and are elected by area for four year terms. Students serve for a single school year.

District Mission, Core Values, and Strategic Goals

Elk Grove Unified School District will provide a learning community that challenges ALL students to realize their greatest potential. The District's core values are:

Outcomes for Students

Achievement of core academic skills

Confident, effective thinkers and problem solvers

Ethical participants in society

Commitments about how we operate as an organization

Supporting continuous improvement of instruction

Building strong relationships

Finding Solutions

High expectations for learning for ALL students and staff

Instructional excellence

Safe, peaceful, and healthy environment

Enriched learning environment

Collaboration with diverse communities and families

The District's strategic goals maintain the focus of and coherence among the District's educational programs and services. These strategic goals include:

High-Quality Curriculum, Instruction and Assessment

All students will receive high-quality classroom curriculum, instruction, and assessment to promote college, career, and life readiness and close achievement and opportunity gaps.

Targeted Supports and Interventions

Students who identify as Black/African American, students with disabilities, students in foster care or experiencing homelessness, and students who identify as Native American will benefit from targeted programs and services that leverage their assets, affirm their identities, and address their needs to close achievement, opportunity, and relationship gaps.

Wellness

All students will learn in an equitable, culturally responsive, physically, and emotionally healthy and safe environment.

Family and Community Engagement

All students will benefit from programs and services designed to inform and engage family and community partners.

Graduate Profile

In 2024-2025, nearly 4,760 students graduated from District high schools. A District graduate demonstrates readiness to succeed in college, career, and life through: creative problem-solving; self-awareness, self-reliance, and self-discipline; technical literacy; communication and collaboration; community engagement; and integrity.

Overview of the Financial Statements

This annual report consists of three parts: (1) management's discussion and analysis (this section); (2) the financial statements; and (3) required supplementary information.

The remainder of the MD&A highlights the structure and contents of each of the statements.

The financial statements include two kinds of statements that present different views of the District: district-wide financial statements and fund financial statements. The financial statements also include notes that explain some of the information in the statements and provide more detail.

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial position. The Statement of Net Position includes all the District's assets and liabilities and deferred outflows and inflows of resources. All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, operations, and administration. State support from Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.
- Business-type activities – The District does not currently have any business-type activities.

These two financial statements start on page 16.

The remaining statements are fund financial statements that report on the District's operations in more detail than the district-wide statements. These statements begin on page 18.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Financial Condition

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or declining.

Fiscal year 2001-2002 was the first year the District accounted for the value of capital assets and included these values as part of the financial statements. Capital assets include land, buildings, site improvements, equipment, and work in progress. The book value of all district assets including buildings and equipment, and related depreciation, are presented in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. School buildings are valued at their historical construction cost less depreciation.

District-wide Financial Condition (Continued)

Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

	June 30, 2025	June 30, 2024	Variance	% Difference
Capital Assets	\$1,111,547,461	\$1,014,285,153	\$97,262,308	10%
Other Assets	\$830,447,595	\$887,707,015	(\$57,259,420)	-6%
Total Assets	\$1,941,995,056	\$1,901,992,168	\$40,002,888	2%
Deferred Outflows of Resources	\$277,491,488	\$295,829,660	(\$18,338,172)	-6%
Current and Other Liabilities	\$160,104,743	\$100,188,109	\$59,916,634	60%
Long-Term Liabilities	\$1,354,636,162	\$1,402,984,994	(\$48,348,832)	-3%
Total Liabilities	\$1,514,740,905	\$1,503,173,103	\$11,567,802	1%
Deferred Inflows of Resources	\$91,025,000	\$81,709,000	\$9,316,000	11%
Net Investment in Capital Assets (net of related debt)	\$589,903,032	\$545,245,151	\$44,657,881	8%
Restricted Net Position	\$504,456,620	\$519,996,338	(\$15,539,718)	-3%
Unrestricted Net Position	(\$480,639,013)	(\$452,301,764)	(\$28,337,249)	-6%
Total Net Position	\$613,720,639	\$612,939,725	\$780,914	0%

At the close of fiscal year 2024–2025, the District’s capital assets totaled \$2.02 billion, with \$905.6 million in accumulated depreciation, resulting in net capital assets of \$1.11 billion—an increase of \$97.3 million from the prior year. This growth reflects land acquisition and construction for Cypress Grove Elementary (funded by developer fees) and modernization projects at Elk Grove, Laguna Creek, and Sheldon High Schools (funded by Measure M General Obligation Bonds).

Other assets—cash, investments, receivables, prepaid expenses, and inventory—decreased by \$57.3 million compared to the prior year. This decline was primarily due to a drawdown of cash with Fiscal Agent in the Building Fund, reflecting Measure M-funded capital project expenditures.

Current and other liabilities—primarily accounts payable and unearned revenue—increased by \$59.9 million from the prior year, largely due to a payable related to state LCFF apportionment revenue.

Long-term liabilities decreased by \$48.3 million overall, driven by debt principal payments and a \$64.2 million reduction in net pension liability, based on the District’s actuarial share of State pension obligations. This was partially offset by a \$35.2 million increase from implementing GASB Statement No. 101, Compensated Absences, which expands recognition beyond vacation accruals to include sick leave. As a result, \$27.3 million was added as a restatement to the July 1, 2024, balance for sick leave accruals.

District-wide Financial Condition (Continued)

The District's total net position increased by less than 0.13% from 2024 to 2025, reaching \$613.7 million.

The Statement of Activities is a district-wide financial statement that reports the District's cost of instruction and other district activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in the following table:

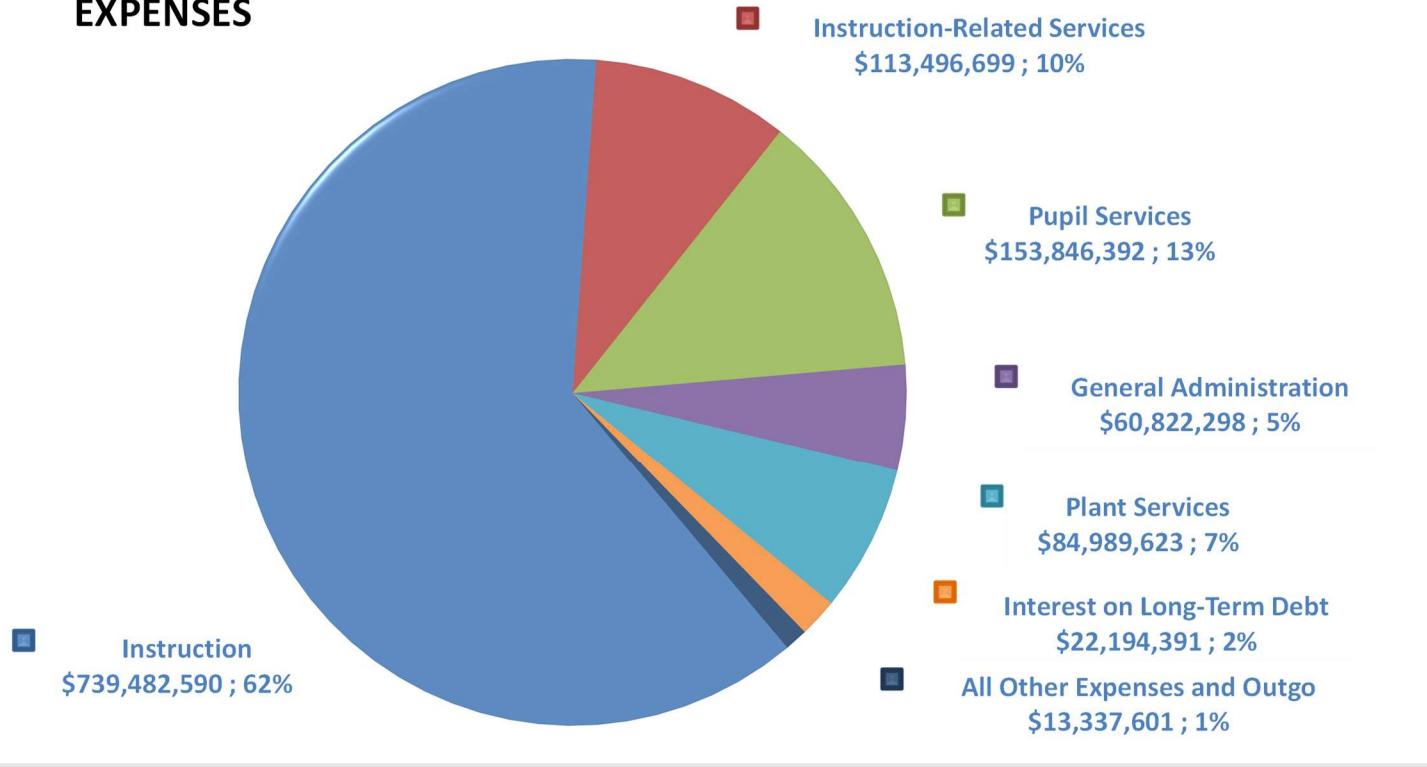
	June 30, 2025	June 30, 2024	Variance	% Difference
Expenses				
Governmental Activities:				
Instruction	\$739,482,590	\$739,924,929	(\$442,339)	0%
Instruction-Related Services	\$113,496,699	\$113,727,677	(\$230,978)	0%
Pupil Services	\$153,846,392	\$148,889,892	\$4,956,500	3%
General Administration	\$60,822,298	\$56,628,337	\$4,193,961	7%
Plant Services	\$84,989,623	\$81,070,611	\$3,919,012	5%
Interest on Long-Term Debt	\$22,194,391	\$19,385,196	\$2,809,195	14%
All Other Expenses and Outgo	\$13,337,601	\$11,690,477	\$1,647,124	14%
Total Governmental Activity Expenses	\$1,188,169,594	\$1,171,317,119	\$16,852,475	1%
Revenues				
Charges for Services	\$42,290,927	\$47,728,570	(\$5,437,643)	-11%
Operating Grants and Contributions	\$316,956,683	\$412,209,742	(\$95,253,059)	-23%
Capital Grants and Contributions	\$13,388,369	\$14,807,375	(\$1,419,006)	-10%
Taxes Levied for General Purposes	\$189,183,099	\$176,924,439	\$12,258,660	7%
Taxes Levied for Debt and Special Purposes	\$38,173,706	\$33,614,316	\$4,559,390	14%
Unrestricted Federal and State Aid	\$597,276,338	\$587,787,767	\$9,488,571	2%
Interest and Investment Earnings	\$14,875,943	\$16,402,620	(\$1,526,677)	-9%
Interagency Revenues	\$558,983	\$110,278	\$448,705	-
Miscellaneous	\$3,506,744	\$3,367,558	\$139,186	4%
Total Revenues	\$1,216,210,792	\$1,292,952,665	(\$76,741,873)	-6%
Change in Net Position	\$28,041,198	\$121,635,546	(\$93,594,348)	-77%

The District's net position increased by \$28.0 million, which is \$93.6 million less than last year's increase. Total revenues fell by 6% (\$76.7 million), mainly due to reduced one-time grant funding, while total expenses rose by 1% (\$16.9 million).

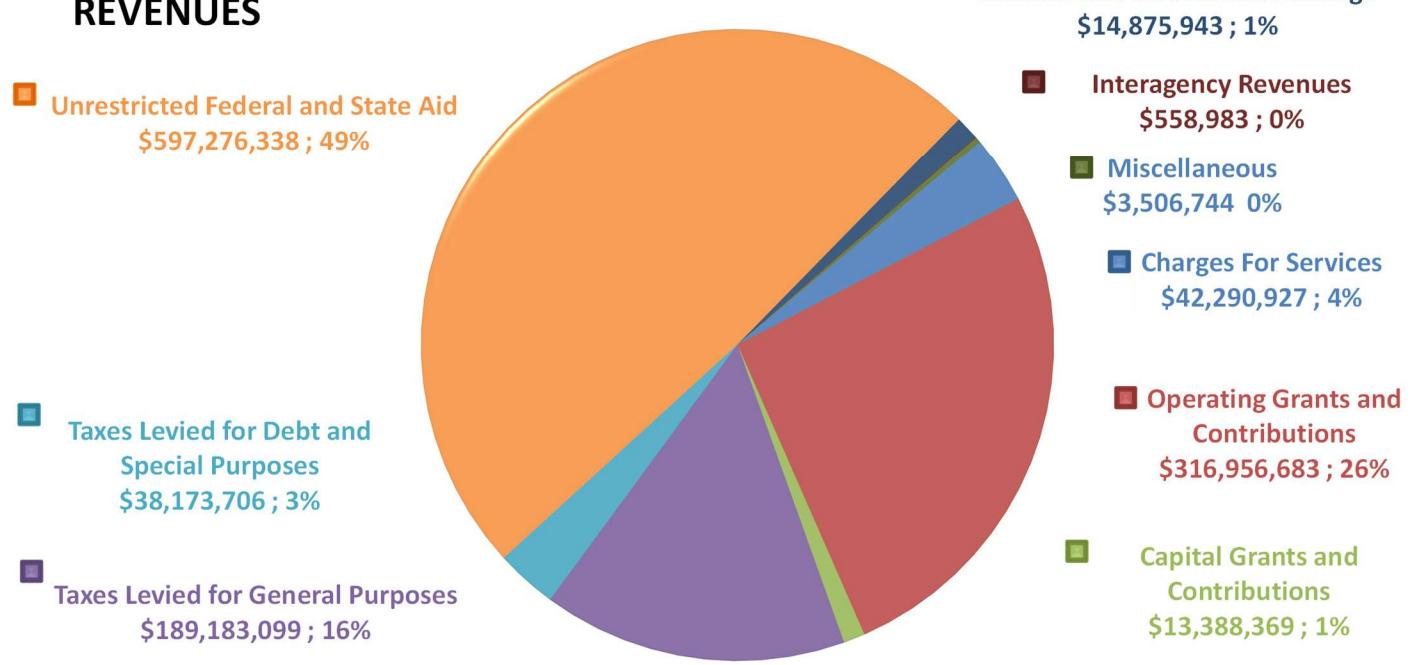
District-wide Financial Condition (Continued)

The charts below show the percentage share of expenditures by function and revenues by source as shown in the Statement of Activities.

EXPENSES



REVENUES



Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. A fund consists of a self-balancing set of accounts that the District uses to track specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for specific purposes (such as cafeteria funds) or to show that it is properly using certain revenues (such as community facility funds).
- The District has three kinds of funds:
 - Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, the District provides additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
 - Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. Enterprise funds (one type of proprietary fund) are the same as business-type activities, but provide more detail and additional information, such as cash flows. The District does not currently have any business-type activities. Internal service funds (another type of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund, the Self-Insurance Fund.
 - Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. The budget may also be revised to reflect mid-year changes to the State Budget which affect district funding. Additionally, the District is required to prepare expenditure reports and must include multiyear projections at least twice a year.

The Board of Education receives and approves these reports in a public meeting at interim periods throughout each year. The information is also made publicly available on the District's website and is communicated with bargaining partners both individually and collectively through Partners in Education (PIE), which represents all bargaining units, as well as through the LCAP Collaborative working group. The reported information assists the Board of Education in setting budget priorities and policy.

The following table summarizes the General Fund budget to actual information for the year ended June 30, 2025:

	Adopted Budget	Year End Budget	Actual
Total Revenues	\$951,116,052	\$1,058,586,163	\$1,039,990,222
Total Expenditures	\$998,557,253	\$1,171,167,032	\$1,111,289,043
Total Other Financing Sources/(Uses)	(\$278,595)	(\$1,468,170)	\$156,758

The net revenue increase between Adopted and Year End Budget was \$107.5 million, resulting from current year budgets for categorical funds, which are budgeted as grant award documents are received, including one-time resources. Also, the budgets for prior year unspent restricted and unrestricted program funds (carryover) are appropriated mid-year.

The net increase to the total expenditure budget between Adopted and Year End Budget was \$172.6 million, due to revisions to set up expenditures related to the categorical program funds, which are budgeted after July 1 as grant award documents are received and school site plans are approved, and collective bargaining agreements negotiated during the year.

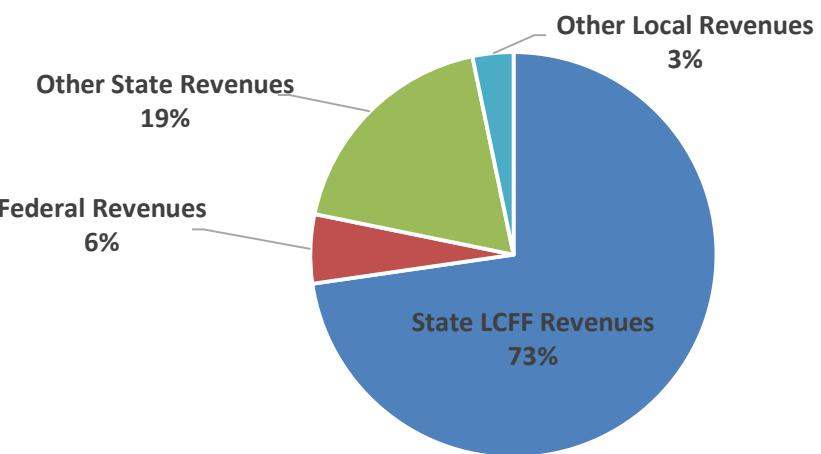
Actual revenues were \$18.6 million, or 1.8%, less than the Year End Budget, due to the timing of revenue recognition for unearned revenue and multiyear awards that carryover into the next fiscal year. Actual expenditures were \$59.9 million, or 5.1%, below Year End Budget, due to unspent categorical revenue and one-time resources with multiyear expenditure periods that were budgeted to be spent in 2024-2025.

The following table summarizes the General Fund financial statements for the year ended June 30, 2025:

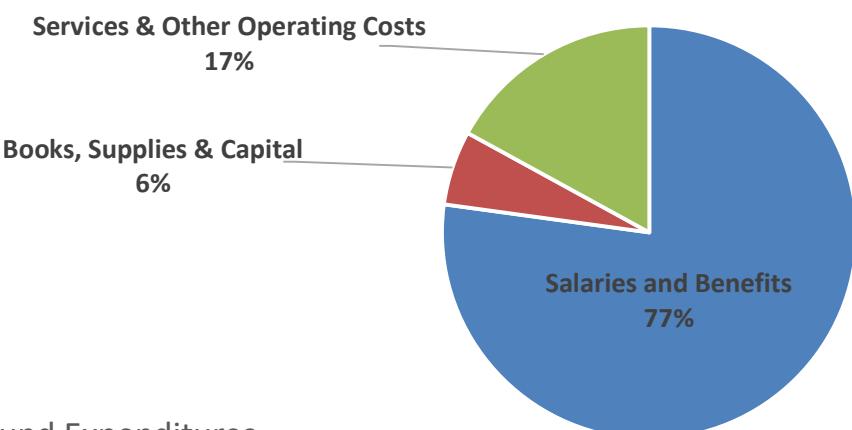
Total Revenues	\$1,039,990,222
Total Expenditures	\$1,111,289,043
Total Other Financing Sources/ (Uses)	\$156,758
Net Change	(\$71,142,063)

The charts on the following page further detail the percentage distribution of General Fund revenue sources and expenditure types for 2024-2025.

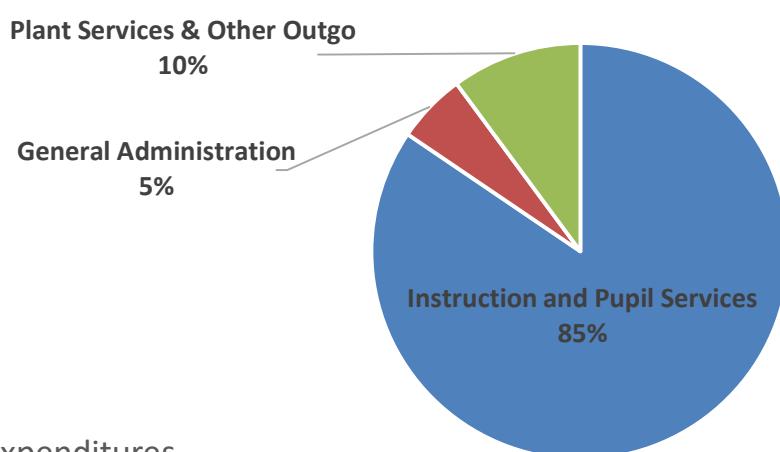
General Fund Financial and Budgetary Highlights (Continued)



Total General Fund Revenues
% by Source



Total General Fund Expenditures
By Object



Total General Fund Expenditures
By Function

District Reserves and Net Ending Balance

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent year and are identified as the District's "Net Ending Balance." Included within the projected net ending balance is a "reserve for economic uncertainties." The State requires districts of our size to retain an amount equal to 2% of our budgeted expenditures to cover unforeseen shortfalls in revenues or expenditures greater than budgeted. Also included in the net ending balance are carryover balances that originated from sources that can only be used for specific purposes. These "restricted" resources can only be spent on the purposes determined by the grantor, and the balances in these accounts carry the same restrictions as the originating revenue.

The District also has the option of committing or assigning the ending balance. Committing funds requires the Board of Education to designate the funds for any purpose by a majority vote at a Board meeting. The Board of Education approved Resolution No. 64, 2024-25, authorizing the commitment of General Fund ending fund balance for specific purposes on March 4, 2025. Once the funds are committed, the amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraints for the committed funds. Assigned ending balances are constrained by the District's intent but are neither restricted nor committed. An example of assignment is designating the ending balance to be used for a future textbook adoption.

The chart below represents the District's financial analysis of its Governmental and Proprietary Funds:

Ending Fund Balances	June 30, 2025	June 30, 2024	Variance
Fund 01 General	\$221,102,419	\$292,244,482	(\$71,142,063)
Fund 08 Student Activity	\$6,043,816	\$6,237,216	(\$193,400)
Fund 09 Charter Schools	\$6,240,814	\$5,764,942	\$475,872
Fund 11 Adult Education	\$4,780,455	\$4,546,380	\$234,075
Fund 12 Child Development	\$2,348,827	\$1,784,256	\$564,571
Fund 13 Cafeteria	\$49,167,958	\$40,330,461	\$8,837,497
Fund 14 Deferred Maintenance Fund	\$2	\$0	\$2
Fund 21 Building	\$104,196,530	\$174,672,322	(\$70,475,792)
Fund 25 Capital Facilities	\$173,992,420	\$122,566,684	\$51,425,736
Fund 35 County School Facilities	\$313,842	\$30,817,173	(\$30,503,331)
Fund 40 Special Reserve for Capital Outlay	\$1,351,715	\$1,175,623	\$176,092
Fund 49 Capital Projects	\$66,342,648	\$69,864,541	(\$3,521,893)
Fund 51 Bond Interest and Redemption	\$14,888,415	\$14,653,993	\$234,422
Fund 52 Debt Service	\$20,799,877	\$24,116,876	(\$3,316,999)
Fund 67 Self Insurance	\$5,776,062	\$5,856,864	(\$80,802)

Capital Projects and General Obligation Bond Funds

Due to funding deficiencies associated with state funds and developer fees, in 1987, the District confirmed the establishment of Elk Grove Unified School District Community Facilities District (CFD) #1 to implement a Mello-Roos Special Tax, accounted for in the Capital Projects and Debt Service funds. The special tax is assessed to pay the interest and principal repayment of issued bonds. Proceeds of the bonds are to be used for improvements to existing elementary, middle, and high schools; for new elementary, middle, and high schools in the District and for other educational centers, support centers and improvements to school grounds. On April 28, 1987, the District passed a \$70 million local bond measure to finance certain elementary and secondary school support facilities.

As a result of continued growth and funding deficiencies, the Board of Education adopted resolutions on October 20, 1997, calling for an election to authorize the issuance of additional special tax bonds, while at the same time reconfirming CFD #1. On March 10, 1998, registered voters in the District authorized the issuance of an additional \$205 million of special tax bonds. The Mello-Roos funds are intended to provide a source of funds for the required matching of state funds due under the State's School Facility Program. They also provide funding for facility needs not funded by state funds or developer fees, as well as funding for modernization, deferred maintenance, additions, technology, and student support services such as Transportation, Food and Nutrition Services, Police Services and Maintenance and Operations.

From November 1998 through November 2012, the District issued six series of special tax bonds totaling over \$153 million pursuant to the 1998 Authorization, including refunding bonds issued in 2012. Refunding (commonly referred to as refinancing) is an opportunity for significant debt service savings from historically low municipal bond rates. In 2012, certain outstanding bonds were callable for the first time in the CFD's history. In 2023, the Board of Education approved the seventh series of special tax bonds for \$35 million, pursuant to the 1998 authorization, and the eighth series as Special Tax Refunding Bonds to refund certain maturities of the 2012 Special Tax Refunding Bonds. The total principal amount of outstanding special tax bonds paid by the special tax levied on taxable land in the District is \$90.1 million.

On November 8, 2016, voters approved the District's first local general obligation bond, Measure M, a \$476 million bond program intended to provide funds for school modernization and construction projects. Proceeds from the sale of the bonds help provide critically needed funds to repair, remodel or build school facilities within the District. Measure M is a ten-year bond program, with bond sales held on a biennial basis. The fourth and final series of the authorization were issued in June 2023. On November 5, 2024, voters approved Measure N, authorizing a new \$542 million general obligation bond program to fund school facilities construction in support of student growth, modernization, and expansion.

The District's capital assets are primarily land and buildings. Buildings account for about 60% of total capital assets (net of depreciation) and land represents 15%. The work in progress on District buildings, i.e., modernizations as well as new construction, makes up 15%, land improvements 7%, and equipment 3%.

District Indebtedness

As of June 30, 2025, the District reported \$1.35 billion in long-term liabilities. This includes \$419.3 million in General Obligation Bonds (funded by 2016 voter-approved property tax increases) reported in the Bond Interest and Redemption Fund and \$90.1 million in Mello-Roos Bonds reported in the Mello-Roos Administrative Fund.

Nearly 49% of long-term debt relates to post-retirement benefits. The total OPEB liability decreased by 8.5% to \$6.3 million, while the net pension liability for State retirement systems (State Teacher's and Public Employer's Retirement Funds) declined by \$64.2 million (9%) to \$655.2 million.

Other Post-Retirement Employee Benefits (OPEB)

Elk Grove Benefits Employee Retirement Trust (EGBERT) was established on February 20, 1996, pursuant to an agreement among the bargaining units representing District employees and the District. This trust was established to provide health and welfare benefits as defined in Sections 3543.2 and 53200 of the Government Code through a Health and Welfare Plan for the retired eligible employees of the District and their eligible dependents. Participation in EGBERT is limited to District employees, their respective dependents, and board members who retire and qualify pursuant to applicable Education Code and EGBERT vesting and eligibility requirements. EGBERT is a separate legal entity, and its activity is not included in the District's financial statements.

Financial Outlook

In past years, the District implemented multi-level reforms and innovative strategies to ensure the financial capacity and staffing resources necessary to achieve high-quality educational goals and professional development objectives. Throughout 2024-2025, the District's Board, Administration, and employee groups continued to uphold the following guiding principles for budgetary decisions and fiscal solvency:

1. Remain fiscally solvent
2. Maintain/evaluate what we built over the past few years
3. Be competitive in attracting and retaining the best and brightest employees who reflect and identify with our students
4. Build upon existing programs and services
5. Consider adding new programs and services

The District applies its budgetary principles in a prioritized hierarchy, ensuring each condition is satisfied before moving to the next. This disciplined approach provides a clear framework for making sound, sustainable financial decisions. Combined with the District's strong record of collaborative planning and problem-solving, these principles position the District to maintain fiscal stability and support the long-term success of students, staff, and community partners.

Looking ahead, the District faces several key budgetary issues, including rising operating costs such as insurance premiums, mandated pension contributions and growth in special education services; facilities planning to support program expansion; and the need to realign expenditures to sustain programs initially funded with one-time resources. Future budgets will also be influenced by external factors such as economic conditions affecting statutory cost-of-living adjustments for state funding, the State Budget, and enrollment and attendance trends.

The District's 2025-2026 First Interim multiyear projections indicate that the District will be able to meet its financial obligations for the current and subsequent two years. The District continues to collaborate with community partners and evaluate opportunities, guided by our five budget principles above, to ensure a continued positive future financial outlook.

Contacting the District's Financial Management

If you have any questions regarding this report or need additional financial information, please contact Amari Watkins, Chief Financial Officer, at (916) 686-7744, or email Finance and School Support at Finance@egusd.net.

BASIC FINANCIAL STATEMENTS

**ELK GROVE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 736,876,783
Receivables	89,646,052
Prepaid expenses	736,379
Stores inventory	3,188,381
Non-depreciable capital assets (Note 4)	338,434,113
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>773,113,348</u>
 Total assets	 <u>1,941,995,056</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss from refunding of debt	9,249,267
Deferred outflows of resources - OPEB (Note 10)	576,541
Deferred outflows of resources - pensions (Notes 8 and 9)	<u>267,665,680</u>
 Total deferred outflows of resources	 <u>277,491,488</u>
LIABILITIES	
Accounts payable	148,587,603
Unearned revenue	9,802,203
Unpaid claims and claim adjustment expenses (Note 5)	1,714,937
Long-term liabilities:	
Unpaid claims and claim adjustment expenses, less current portion (Note 5)	730,597
Due within one year (Note 6)	32,359,157
Due after one year (Note 6)	<u>1,321,546,408</u>
 Total liabilities	 <u>1,514,740,905</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 8 and 9)	<u>91,025,000</u>
NET POSITION	
Net investment in capital assets	589,903,032
Restricted:	
Legally restricted programs	220,991,641
Capital projects	242,000,625
Debt service	35,688,292
Self insurance	5,776,062
Unrestricted	<u>(480,639,013)</u>
 Total net position	 <u>613,720,639</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenues and Change in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Governmental activities:						
Instruction	\$ 739,482,590	\$ 24,910,185	\$ 193,877,331	\$ 13,388,369	\$ (507,306,705)	
Instruction-related services:						
Supervision of instruction	42,428,654	451,638	16,796,138	-	(25,180,878)	
Instructional library, media and technology	5,335,877	6,985	487,078	-	(4,841,814)	
School site administration	65,732,168	12,524	7,255,351	-	(58,464,293)	
Pupil services:						
Home-to-school transportation	27,779,887	70,418	197,555	-	(27,511,914)	
Food services	35,005,396	87,374	44,357,911	-	9,439,889	
All other pupil services	91,061,109	4,713,447	25,013,552	-	(61,334,110)	
General administration:						
Data processing	22,937,671	-	523,534	-	(22,414,137)	
All other general administration	37,884,627	174,572	5,310,329	-	(32,399,726)	
Plant services	84,989,623	711,082	2,785,553	-	(81,492,988)	
Ancillary services	9,798,362	-	9,603,851	-	(194,511)	
Community services	206,118	-	211,705	-	5,587	
Interest on long-term liabilities	22,194,391	-	-	-	(22,194,391)	
Other outgo	3,333,121	11,152,702	10,536,795	-	18,356,376	
Total governmental activities	<u>\$ 1,188,169,594</u>	<u>\$ 42,290,927</u>	<u>\$ 316,956,683</u>	<u>\$ 13,388,369</u>	<u>(815,533,615)</u>	
General revenues:						
Taxes and subventions:						
Taxes levied for general purposes					189,183,099	
Taxes levied for debt service					38,054,530	
Taxes levied for other specific purposes					119,176	
Federal and state aid not restricted to specific purposes					597,276,338	
Interest and investment earnings					14,875,943	
Interagency revenues					558,983	
Miscellaneous					3,506,744	
Total general revenues					<u>843,574,813</u>	
Change in net position					28,041,198	
Net position, July 1, 2024					<u>612,939,725</u>	
Restatement due to implementation of GASB 101 (Note 1)					<u>(27,260,284)</u>	
Net position, July 1, 2024, as restated					<u>585,679,441</u>	
Net position, June 30, 2025					<u>\$ 613,720,639</u>	

The accompanying notes are an integral part of these financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	<u>General Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 278,917,445	\$ 62,497,398	\$ 170,878,048	\$ 92,011,613	\$ 604,304,504
Cash with Fiscal Agent	1,077,914	51,647,689	-	58,862,157	111,587,760
Cash in banks	798,495	-	-	4,824,816	5,623,311
Cash in revolving fund	140,000	-	-	11,266	151,266
Cash awaiting deposit	3,139,252	-	130,516	3,875,895	7,145,663
Receivables	67,918,629	1,535,949	3,249,708	16,779,600	89,483,886
Prepaid expenditures	701,146	-	-	35,233	736,379
Due from other funds	1,940,007	253,655	121,834	773,591	3,089,087
Stores inventory	611,612	-	-	2,576,769	3,188,381
Total assets	<u>\$355,244,500</u>	<u>\$115,934,691</u>	<u>\$174,380,106</u>	<u>\$179,750,940</u>	<u>\$825,310,237</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 126,993,372	\$ 11,285,183	\$ 386,175	\$ 2,184,481	\$ 140,849,211
Unearned revenue	6,829,948	-	-	2,972,255	9,802,203
Due to other funds	318,761	452,978	1,511	2,315,837	3,089,087
Total liabilities	<u>134,142,081</u>	<u>11,738,161</u>	<u>387,686</u>	<u>7,472,573</u>	<u>153,740,501</u>
Fund balances:					
Nonspendable	1,452,758	-	-	2,623,268	4,076,026
Restricted	152,409,771	104,196,530	173,992,420	169,655,099	600,253,820
Committed	4,575,000	-	-	-	4,575,000
Assigned	15,536,766	-	-	-	15,536,766
Unassigned	47,128,124	-	-	-	47,128,124
Total fund balances	<u>221,102,419</u>	<u>104,196,530</u>	<u>173,992,420</u>	<u>172,278,367</u>	<u>671,569,736</u>
Total liabilities and fund balances	<u>\$355,244,500</u>	<u>\$115,934,691</u>	<u>\$174,380,106</u>	<u>\$179,750,940</u>	<u>\$825,310,237</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 June 30, 2025

Total fund balances - Governmental Funds \$ 671,569,736

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$2,017,197,300 and the accumulated depreciation is \$905,649,839 (Note 4).

1,111,547,461

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2025 consisted of (Note 6):

Mello-Roos bonds	\$ (90,106,133)
General Obligation Bonds	(419,300,000)
Accrued interest on bonds	(1,720,301)
Unamortized premiums	(24,612,093)
Net pension liability (Notes 8 and 9)	(655,155,000)
Lease-leaseback	(9,912,000)
Certificates of Participation	(91,160,000)
Total OPEB liability (Note 10)	(6,336,291)
Compensated absences	<u>(55,603,747)</u>
	(1,353,905,565)

Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding debt.

9,249,267

Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.

(7,733,543)

In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8 and 9):

Deferred outflows of resources relating to pensions	267,665,680
Deferred inflows of resources relating to pensions	<u>(91,025,000)</u>
	176,640,680

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported (Note 10):

Deferred outflows of resources relating to OPEB	\$ 576,541
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position for the Self-Insurance Fund is:	<u>5,776,062</u>
Total net position - governmental activities	<u>\$ 613,720,639</u>

**ELK GROVE UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>All Non-Major Funds</u>	<u>Total Govern- mental Funds</u>
Revenues:					
Local Control Funding Formula:					
State sources	\$ 570,475,134	\$ -	\$ -	\$ -	\$ 570,475,134
Local sources	185,869,152	-	-	2,906,220	188,775,372
Total local control funding formula	<u>756,344,286</u>	<u>-</u>	<u>-</u>	<u>2,906,220</u>	<u>759,250,506</u>
Federal sources	57,339,111	-	-	29,356,375	86,695,486
Other state sources	192,669,018	-	-	40,805,104	233,474,122
Other local sources	33,637,807	9,365,465	49,559,507	56,493,452	149,056,231
Total revenues	1,039,990,222	9,365,465	49,559,507	129,561,151	1,228,476,345
Expenditures:					
Current:					
Certificated salaries	431,421,331	-	-	4,313,555	435,734,886
Classified salaries	148,835,114	54,842	279,804	18,677,698	167,847,458
Employee benefits	277,385,063	5,702	154,924	11,166,824	288,712,513
Books and supplies	36,327,052	33,971	3,365	24,065,680	60,430,068
Contract services and operating expenditures	185,872,441	2,523,027	128,286	4,951,102	193,474,856
Other outgo	3,242,046	-	-	91,075	3,333,121
Capital outlay	28,205,996	98,306,632	20,376,175	8,997,232	155,886,035
Debt service:					
Principal retirement	-	-	-	17,400,000	17,400,000
Interest	-	-	-	22,862,621	22,862,621
Total expenditures	1,111,289,043	100,924,174	20,942,554	112,525,787	1,345,681,558
(Deficiency) excess of revenues (under) over expenditures	(71,298,821)	(91,558,709)	28,616,953	17,035,364	(117,205,213)
Other financing sources (uses):					
Transfers in	1,511,852	21,082,917	22,808,783	5,206,961	50,610,513
Transfers out	(1,355,094)	-	-	(49,255,419)	(50,610,513)
Total other financing sources (uses)	<u>156,758</u>	<u>21,082,917</u>	<u>22,808,783</u>	<u>(44,048,458)</u>	<u>-</u>
Net change in fund balances	(71,142,063)	(70,475,792)	51,425,736	(27,013,094)	(117,205,213)
Fund balances, July 1, 2024	292,244,482	174,672,322	122,566,684	199,291,461	788,774,949
Fund balances, June 30, 2025	\$ 221,102,419	\$ 104,196,530	\$ 173,992,420	\$ 172,278,367	\$ 671,569,736

The accompanying notes are an integral part of these financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2025

Net change in fund balances - Total Governmental Funds	\$ (117,205,213)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 155,744,037
Depreciation of capital assets is an expense that is not recorded in governmental funds (Note 4).	(58,341,211)
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets is resulting in a loss (Note 4).	(140,518)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	17,400,000
Accreted interest on capital appreciation bonds is recognized in period it is incurred. In governmental funds it is only recognized when it is due (Note 6).	(178,915)
Debt issue premiums and discounts are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 6).	1,335,226
In the governmental funds, OPEB is recognized when employer contributions are made. In the government-wide statements, other post-employment benefits are recognized on the accrual basis (Note 6 and 10).	317,352
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	(7,981,816)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	37,661,139

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Interest on long-term liabilities is recognized in the period incurred, in governmental funds it is recognized when due.	\$ 375,780
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding debt.	(863,861)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Change in net position for the Self-Insurance Fund is:	<u>(80,802)</u>
	<u>145,246,411</u>
Change in net position of governmental activities	<u>\$ 28,041,198</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND
June 30, 2025

ASSETS

Current assets:

Cash and investments:

Cash in County Treasury	\$ 7,556,454
Cash with Fiscal Agent/Trustee	507,825
Receivables	162,166
	<hr/>
Total current assets	8,226,445

LIABILITIES

Current liabilities:

Accounts payable	4,849
Current unpaid claims and claims adjustment expense	1,714,937
	<hr/>
Total current liabilities	1,719,786
	<hr/>
Unpaid claims and claim adjustment expenses, less current portion	730,597
	<hr/>
Total liabilities	2,450,383

NET POSITION

Restricted	\$ 5,776,062
	<hr/>

The accompanying notes are an integral part of these financial statements.

**ELK GROVE UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN
NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2025**

Operating expenses:	
Classified salaries	\$ 328,691
Employee benefits	187,710
Provision for unpaid claims and claim adjustment expenses	<u>(59,312)</u>
 Total operating expense	 <u>457,089</u>
Operating loss	(457,089)
Non-operating income:	
Interest income	333,534
Net increase in fair value of investments	<u>42,753</u>
 Total non-operating income	 <u>376,287</u>
Change in net position	(80,802)
Net position, July 1, 2024	<u>5,856,864</u>
Net position, June 30, 2025	<u>\$ 5,776,062</u>

The accompanying notes are an integral part of these financial statements.

**ELK GROVE UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2025**

Cash flows from operating activities:	
Cash received from insurance premiums	\$ 34,302
Cash paid for salaries, benefits and services	(516,401)
Cash paid for services and supplies	53,541
Cash paid for claims	<u>(670,402)</u>
Net cash used in operating activities	<u>(1,098,960)</u>
Cash provided by investing activities:	
Interest income	<u>376,287</u>
Change in cash and investments	(722,673)
Cash and investments, July 1, 2024	<u>8,786,952</u>
Cash and investments, June 30, 2025	<u>\$ 8,064,279</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	<u>\$ (457,089)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase (decrease) in:	
Receivables	34,334
Accounts payable	(5,771)
Due to other funds	(32)
Unpaid claims and claim adjustment expenses	<u>(670,402)</u>
Total adjustments	<u>(641,871)</u>
Net cash used in operating activities	<u>\$ (1,098,960)</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2025

	<u>Scholarship Fund</u>
ASSETS	
Cash on hand and in bank (Note 2)	<u>\$ 53,956</u>
NET POSITION	
Restricted for scholarships	<u>\$ 53,956</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2025

	<u>Scholarship Fund</u>
Additions:	
Other local source	\$ 250
Change in net position	250
Net position, July 1, 2024	<u>53,706</u>
Net position, June 30, 2025	<u><u>\$ 53,956</u></u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Elk Grove Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the Elk Grove Unified School District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District and Elk Grove Unified School District Community Facilities District No. 1 (the "Facilities District") have a financial and operational relationship which meet the reporting entity definition criteria of the *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of the Facilities District as a component unit of the District. Therefore, the financial activities of the Facilities District have been included in the basic financial statements of the District as a blended component unit (see Note 13).

The following are those aspects of the relationship between the District and the Facilities District which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, criteria:

A - Manifestations of Oversight

1. The Facilities District's Boards of Directors were appointed by the District's Board of Education.
2. The Facilities District has no employees. The District's Superintendent and Deputy Superintendent of Business Services and Facilities Administration function act as agents of the Facilities District. Neither individual received additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the Facilities District as it is anticipated that the District will be the sole lessee of all facilities owned by the Facilities District.

B - Accounting for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Facilities District must have the consent of the District.
2. Any deficits incurred by the Facilities District will be reflected in the lease payments of the District. Any surpluses of the Facilities District revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the Facilities District.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Facilities District.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Scope of Public Service and Financial Presentation

1. The Facilities District was created for the sole purpose of financially assisting the District.
2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Authority was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to the California Government Code, commencing with Section 6500. The Facilities District was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Facilities District facilities. When the Facilities District's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all Facilities District property will pass to the District for no additional consideration.
3. The Facilities District's financial activity is presented in the financial statements in the Capital Projects Fund. Certificates of Participation issued by the Facilities District are included in the government-wide financial statements.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations; financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Custodial funds are not included in the government-wide financial statements.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

General Fund: The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Building Fund: The Building Fund is a capital projects fund used primarily to account separately for proceeds from the sale of bonds and may not be used for any purposes other than those for which the bonds were issued. Other revenue to the Building Fund is investment income and change in fair value of investments on the proceeds from the sale of bonds.

Capital Facilities Fund: The Capital Facilities Fund is a capital projects fund used primarily to account separately for moneys received from fees levied on development projects as a condition of approval. The authority for these levies may also be county or city ordinances or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund.

B - Other Funds

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This includes the Student Activity, Charter Schools, Adult Education, Child Development, Cafeteria and Deferred Maintenance Funds.

Capital Projects Funds: Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities and equipment. This includes the County School Facilities, Special Reserve for Capital Outlay and Capital Projects Funds.

Debt Service Funds: Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This includes the Bond Interest and Redemption and Mello-Roos Administrative Funds.

Self-Insurance Fund: The Self-Insurance Fund is an internal service fund used to account for services rendered on a cost- reimbursement basis within the District to provide workers' compensation benefits to District employees. The principal operating revenues for the self-insurance fund are premiums received and related income. Operating expenses for the self-insurance fund include the cost of salaries, benefits, services and claims. All revenue and expenses not deemed as operating are reported as non-operating revenues and expenses.

Trust Fund: The District maintains one trust fund, the Scholarship Fund, which is used to provide financial assistance to students of the District.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible in the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2025.

Stores Inventory: Inventory is stated at cost (average cost) which does not exceed replacement cost. Inventory consists of expendable supplies held for future use in the following period by the District's operating units, transportation supplies, and food held for consumption. Maintenance and other supplies held for physical plant repair are not included in inventory; rather, these amounts are recorded as expenditures when purchased.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$10,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding of debt, which is included in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized deferred outflow of resources related to recognition of the net pension liability and total OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value.

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 189,640,725	\$ 78,024,955	\$ 267,665,680
Deferred inflows of resources	\$ 86,972,000	\$ 4,053,000	\$ 91,025,000
Net pension liability	\$ 403,517,000	\$ 251,638,000	\$ 655,155,000
Pension expense	<u>\$ 64,616,426</u>	<u>\$ 41,279,774</u>	<u>\$ 105,896,200</u>

Compensated Absences: Compensated absences benefits totaling \$55,603,747 are recorded as a liability of the District. Of this amount, \$20,577,437 was attributable to accrued vacation. The total liability represents earned but unused vacation and other leave balances which are more likely than not to be paid or used. In accordance with the provisions of both STRP and PERF B, when an employee retires, all unused sick leave is added to the creditable service period for the calculation of the employee's retirement benefits.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 - Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred. The restriction for trust fund represents the portion of net position restricted for scholarships and self-insurance.

3 - Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance: The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance: The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C - Committed Fund Balance: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel within the District to assign fund balances.

E - Unassigned Fund Balance: In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements if they have been adopted by the Board of Education. At June 30, 2025, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Sacramento bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncement: In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. GASB Statement No. 101 requires recognition of a liability for leave when earned if it is attributable to services already rendered and is expected to be paid. The liability includes vacation, sick leave, and other forms of paid time off that accumulate and vest or are expected to be used in future periods. Implementation of GASB Statement No. 101, resulted in a restatement of beginning net position at July 1, 2024 of \$27,260,284.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2025 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Pooled Funds:		
Cash in County Treasury	\$ 611,860,958	\$ -
Cash awaiting deposit	7,145,663	-
Cash with Fiscal Agent	112,095,585	-
Deposits:		
Cash on hand and in banks	5,623,311	53,956
Revolving cash fund	151,266	-
Total	<u>\$ 736,876,783</u>	<u>\$ 53,956</u>

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 - CASH AND INVESTMENTS (Continued)

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Sacramento County Treasury pooled investment fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro- rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for bond project expenditures, repayment of Mello-Roos and General Obligation Bonds and Self Insurance claims. The District holds their funds with the Sacramento County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2025, the carrying amount of the District's accounts was \$5,828,533 and the bank balance was \$5,383,997. \$250,000 of the bank balance was FDIC insured and \$5,133,997 remained uninsured, but collateralized.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District has adopted the County Treasurer's formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2025 the District had no concentration of credit risk.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the General Fund, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Interfund receivable and payable balances at June 30, 2025 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 1,940,007	\$ 318,761
Building	253,655	452,978
Capital Facilities	121,834	1,511
Non-Major Funds:		
Student Activity	651	345,297
Charter Schools	94,678	241,194
Adult Education	10,871	115,151
Child Development	200,004	111,375
Cafeteria	5,219	1,090,675
Deferred Maintenance	-	2
State School Facilities	26,701	175,927
Capital Projects	435,467	236,216
Total	\$ 3,089,087	\$ 3,089,087

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Transfers: Transfers for the 2024-2025 fiscal year were as follows:

Transfer from the Charter Schools Fund to the General Fund to resolve a prior year balance.	\$ 19,456
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	4,650
Transfer from the Adult Education Fund to the General Fund for indirect costs.	207,776
Transfer from the Child Development Fund to the General Fund for indirect costs.	287,280
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	992,688
Transfer from the Deferred Maintenance Fund to the General Fund to clear the remaining balance.	2
Transfer from State School Facilities Fund to the Building Fund for school projects.	21,082,917
Transfer from State School Facilities Fund to the Capital Facilities Fund for school projects.	22,808,783
Transfer from the Capital Projects Fund to the Mello-Roos Administrative Fund for lease payment.	853,030
Transfer from the Mello-Roos Administrative Fund to the Capital Projects Fund for excess tax correction.	2,998,837
Transfer from the General Fund to the Cafeteria Fund for indirect adjustment.	14,599
Transfer from the General Fund to the Charter Schools Fund for the Title I Charter Contribution.	40,065
Transfer from the General Fund to the Child Development Fund to fund the CalSafe Program.	190,000
Transfer from the General Fund to the Cafeteria Fund to move School Food Best Practices Apportionment.	<u>1,110,430</u>
	<u>\$ 50,610,513</u>

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2025 is shown below:

	<u>Balance</u> <u>July 1,</u> <u>2024</u>	<u>Transfers</u> <u>and</u> <u>Additions</u>	<u>Transfers</u> <u>and</u> <u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2025</u>
Non-depreciable:				
Land	\$ 161,257,885	\$ 5,112,803	\$ -	\$ 166,370,688
Work-in-process	134,188,616	108,711,178	70,836,369	172,063,425
Depreciable:				
Improvement of sites	125,376,799	11,022,403	92,274	136,306,928
Buildings	1,377,814,048	97,970,000	1,805,482	1,473,978,566
Equipment	<u>67,282,791</u>	<u>3,764,022</u>	<u>2,569,120</u>	<u>68,477,693</u>
Totals, at cost	1,865,920,139	226,580,406	75,303,245	2,017,197,300
Less accumulated depreciation:				
Improvement of sites	(54,290,520)	(5,860,862)	(82,776)	(60,068,606)
Buildings	(757,161,721)	(49,927,498)	(1,674,462)	(805,414,757)
Equipment	<u>(40,182,745)</u>	<u>(2,552,851)</u>	<u>(2,569,120)</u>	<u>(40,166,476)</u>
Total accumulated depreciation	<u>(851,634,986)</u>	<u>(58,341,211)</u>	<u>(4,326,358)</u>	<u>(905,649,839)</u>
Capital assets, net	<u>\$1,014,285,153</u>	<u>\$ 168,239,195</u>	<u>\$ 70,976,887</u>	<u>\$ 1,111,547,461</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	<u>\$ 58,341,211</u>
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NOTE 5 - SELF-INSURANCE

The District is self-insured for workers' compensation. For accounting and reporting purposes, the District has established a separate Self-Insurance Fund for workers' compensation. For the year ended June 30, 2025, the District provides coverage up to a maximum of \$500,000 for each workers' compensation claim. The District participates in a public entity risk pool for claims in excess of coverage provided by the Fund (Note 12). In each of the past three years settled claims did not exceed the coverage level provided by the Fund and no claims were made of the excess coverage. There has been no reduction in coverage since the prior year.

The claims liability of \$2,445,534 at June 30, 2025 was actuarially determined based on the requirements of Governmental Accounting Standards Statement No. 10. This liability was discounted using an expected future investment yield assumption of 0.5 percent.

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

NOTE 5 - SELF-INSURANCE (Continued)

Changes in the District's unpaid claims and claim adjustment expenses for the years ended June 30, 2025 and June 30, 2024 were as follows:

	Unpaid Claims and Claim Adjustment Expenses <u>July 1</u>	Incurred Claims	Claims Payments	Unpaid Claims and Claim Adjustment Expenses <u>June 30</u>
2024/2025	<u>\$ 3,115,936</u>	<u>\$ (135,648)</u>	<u>\$ (534,754)</u>	<u>\$ 2,445,534</u>
2023/2024	<u>\$ 3,492,548</u>	<u>\$ (229,976)</u>	<u>\$ (146,636)</u>	<u>\$ 3,115,936</u>

NOTE 6 - LONG-TERM LIABILITIES

Mello-Roos Bonds Payable: A summary of Mello-Roos Bonds payable at June 30, 2025 follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2024</u>	<u>Current Year Issuance</u>	<u>Current Year Maturities</u>	<u>Balance June 30, 2025</u>
1995	4.0 - 6.5%	2024	\$ 2,025,000	\$ -	\$ 2,025,000	\$ -
2008	6.75%	2049	651,133	-	-	651,133
2012	0.50-4.05%	2046	4,075,000	-	4,075,000	-
2023	4.0 - 5.0%	2043	33,325,000	-	2,440,000	30,885,000
2023R	5.0 - 6.0%	2035	<u>59,370,000</u>	<u>-</u>	<u>800,000</u>	<u>58,570,000</u>
			<u>\$ 99,446,133</u>	<u>\$ -</u>	<u>\$ 9,340,000</u>	<u>\$ 90,106,133</u>

The Series 1995, 2008, 2012 and Serial Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and are payable from the proceeds of an annual Special Tax to be levied and collected from property within the District or from escrow accounts in the case of refunding bonds. The Special Tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District (see Note 13). With the issuance of the 2016 Certificates of Participation in April 2016 the 2008 Mello-Roos Bonds were partially refunded. At June 30, 2025, series 1995 and 2012 were fully repaid. \$651,133 is outstanding related to the 2008 Mello-Roos Bonds.

In July 2023, the District issued Series 2023 Refunding Bonds totaling \$59,370,000. The bonds were used to refund portions of the 2012 Mello-Roos Bonds.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the Mello-Roos Bonds payable outstanding as of June 30, 2025 are as follows:

<u>Year Ending</u>	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2026	\$ 5,430,000	\$ 5,188,444	\$ 10,618,444
	2027	5,695,000	3,809,825	9,504,825
	2028	5,980,000	3,488,050	9,468,050
	2029	6,335,000	3,150,275	9,485,275
	2030	6,655,000	2,825,525	9,480,525
	2031-2035	28,475,000	8,992,875	37,467,875
	2036-2040	651,133	6,177,000	6,828,133
	2041-2043	<u>30,885,000</u>	<u>1,885,300</u>	<u>32,770,300</u>
		<u><u>\$ 90,106,133</u></u>	<u><u>\$ 35,517,294</u></u>	<u><u>\$ 125,623,427</u></u>

General Obligation Bonds: In May 2017, the District issued 2017 General Obligation bonds in the amount of \$82,100,000. The proceeds were used to fund specific school facilities projects within the district. The Bonds bear interest at rates ranging from 3.375% to 5.0% and are scheduled to mature through August 2046.

In February 2019, the District issued Election of 2016, Series 2019 General Obligation bonds in the amount of \$121,000,000. The proceeds were used to fund specific school facilities projects within the district. The Bonds bear interest at rates ranging from 3.0% to 5.0% and are scheduled to mature through August 2048.

In April 2021, the District issued Election of 2016, Series 2021 General Obligation bonds in the amount of \$140,500,000. The proceeds were used to fund specific school facilities projects within the district. The Bonds bear interest at rates ranging from 2.0% to 5.0% and are scheduled to mature through August 2045.

In June 2023, the District issued Election of 2016, Series 2023 General Obligation bonds in the amount of \$132,400,000. The proceeds were used to fund specific school facilities projects within the district. The Bonds bear interest at rates ranging from 4.0% to 6.0% and are scheduled to mature through August 2045.

A summary of General Obligation Bonds payable as of June 30, 2025 are as follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2024</u>	<u>Current Year Issuance</u>	<u>Current Year Maturities</u>	<u>Balance June 30, 2025</u>
2017	3.375-5.0%	2047	\$ 61,550,000	\$ -	\$ -	\$ 61,550,000
2019	3.0-5.0%	2049	107,200,000	- -	- -	107,200,000
2021	2.0% - 5.0%	2046	124,200,000	- -	- -	124,200,000
2023	4.0%-6.0%	2046	<u>132,400,000</u>	<u>-</u>	<u>6,050,000</u>	<u>126,350,000</u>
			<u><u>\$ 425,350,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,050,000</u></u>	<u><u>\$ 419,300,000</u></u>

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The following is a schedule of the future payments for the General Obligation Bonds:

<u>Year Ending</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>				
2026		\$ 2,865,000	\$ 14,705,569	\$ 17,570,569
2027		4,215,000	14,528,569	18,743,569
2028		5,610,000	14,282,944	19,892,944
2029		7,010,000	13,952,069	20,962,069
2030		8,080,000	13,565,369	21,645,369
2031-2035		61,005,000	61,063,500	122,068,500
2036-2040		99,950,000	48,111,803	148,061,803
2041-2045		151,260,000	28,362,925	179,622,925
2046-2049		<u>79,305,000</u>	<u>4,702,663</u>	<u>84,007,663</u>
		<u><u>\$ 419,300,000</u></u>	<u><u>\$ 213,275,411</u></u>	<u><u>\$ 632,575,411</u></u>

Certificates of Participation: On April 7, 2016, the District issued 2016 Certificates of Participation in the amount of \$109,910,000. The proceeds were used to refund \$77,515,000 of the District's Mello Roos Bonds of 2003, 2005 and 2008 and issue \$30,890,000 of new Certificates of Participation. The Certificates of Participation bear interest at rates ranging from 3.0% to 5.0% and are scheduled to mature through February 2040.

The following is a schedule of the future payments for the 2016 Certificates of Participation:

<u>Year Ending</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>				
2026		\$ 1,590,000	\$ 2,938,569	\$ 4,528,569
2027		1,660,000	2,859,069	4,519,069
2028		1,725,000	2,776,069	4,501,069
2029		1,795,000	2,689,819	4,484,819
2030		1,855,000	2,600,069	4,455,069
2031-2035		25,225,000	11,750,594	36,975,594
2036-2040		<u>57,310,000</u>	<u>5,479,300</u>	<u>62,789,300</u>
		<u><u>\$ 91,160,000</u></u>	<u><u>\$ 31,093,489</u></u>	<u><u>\$ 122,253,489</u></u>

Lease-Leaseback: In February 2019 the District entered into a lease-leaseback agreement to lease real property and improvements, Harriet G. Eddy Middle School, to Public Property Financing Corporation of California and sublease the property and improvements back. The Lease-Leaseback bears interest at 3.0% and is scheduled to mature through February 2040.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The following is a summary of future payments on the lease-leaseback:

<u>Year Ending</u>	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2026	\$ 504,000	\$ 345,929	\$ 849,929
	2027	521,000	328,339	849,339
	2028	543,000	310,156	853,156
	2029	560,000	291,206	851,206
	2030	578,000	271,662	849,662
	2031-2035	3,225,000	1,041,695	4,266,695
	2036-2040	3,981,000	427,560	4,408,560
		<hr/>	<hr/>	<hr/>
		<u>\$ 9,912,000</u>	<u>\$ 3,016,547</u>	<u>\$ 12,928,547</u>

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2025 is shown below:

	<u>Balance</u>	Restatement due		Restated		<u>Balance</u>	<u>Amounts</u>
		<u>July 1, 2024</u>	<u>Implementation</u>	<u>Balance</u>	<u>Additions</u>		
					<u>June 30,</u>	<u>Due Within</u>	
<u>Debt:</u>						<u>2025</u>	<u>One Year</u>
Mello-Roos bonds	\$ 99,446,133	\$ -	\$ 99,446,133	\$ -	\$ 9,340,000	\$ 90,106,133	\$ 5,430,000
General Obligation Bonds	425,350,000	-	425,350,000	-	6,050,000	419,300,000	2,865,000
Accreted interest on bonds	1,541,386	-	1,541,386	178,915	-	1,720,301	-
Unamortized bond premiums	25,947,319	-	25,947,319	-	1,335,226	24,612,093	1,392,720
Certificates of participation	92,680,000	-	92,680,000	-	1,520,000	91,160,000	1,590,000
<u>Direct Placement Debt:</u>							
Lease-leaseback	10,402,000	-	10,402,000	-	490,000	9,912,000	504,000
<u>Other Long-Term Liabilities:</u>							
Net pension liability (Notes 8 and 9)	719,338,000	-	719,338,000	-	64,183,000	655,155,000	-
Total OPEB liability (Note 10)	6,922,093	-	6,922,093	-	585,802	6,336,291	-
Compensated absences	20,361,647	27,260,284	47,621,931	7,981,816	-	55,603,747	20,577,437
Totals	\$1,401,988,578	\$ 27,260,284	\$1,429,248,862	\$ 8,160,731	\$ 83,504,028	\$1,353,905,565	\$ 32,359,157

Payments on the Mello-Roos bonds, Lease-leaseback and Certificates of Participation are made from the Mello-Roos Administrative Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Premiums and discounts on bonds are amortized over the life of the related bonds. Payments on OPEB are made from the fund for which the related employee worked.

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ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - FUND BALANCES

Fund balances, by category, at June 30, 2025 consisted of the following:

	<u>General</u> <u>Fund</u>	<u>Building</u> <u>Fund</u>	<u>Capital</u> <u>Facilities</u> <u>Fund</u>	<u>All</u> <u>Non-Major</u> <u>Funds</u>	<u>Total</u>
Nonspendable:					
Revolving cash fund	\$ 140,000	\$ -	\$ -	\$ 11,266	\$ 151,266
Stores inventory	611,612	-	-	2,576,769	3,188,381
Prepaid expenditures	701,146	-	-	35,233	736,379
Subtotal nonspendable	<u>1,452,758</u>	<u>-</u>	<u>-</u>	<u>2,623,268</u>	<u>4,076,026</u>
Restricted:					
Legally restricted programs:					
Grants	152,409,771	-	-	-	152,409,771
Student Activities	-	-	-	5,742,272	5,742,272
Charter school	-	-	-	6,240,814	6,240,814
Adult education program	-	-	-	4,780,455	4,780,455
Child development program	-	-	-	2,315,589	2,315,589
Cafeteria activities	-	-	-	46,881,467	46,881,467
Capital projects	-	104,196,530	173,992,420	68,006,210	346,195,160
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,688,292</u>	<u>35,688,292</u>
Subtotal restricted	<u>152,409,771</u>	<u>104,196,530</u>	<u>173,992,420</u>	<u>169,655,099</u>	<u>600,253,820</u>
Committed:					
Retention, recruitment, and continuity strategies					
	<u>4,575,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,575,000</u>
Assigned:					
Lottery restricted					
	6,139,906	-	-	-	6,139,906
Instructional materials					
	5,000,000	-	-	-	5,000,000
Purchase order carryover					
	1,591,860	-	-	-	1,591,860
Pending agreements					
	2,805,000	-	-	-	2,805,000
Subtotal assigned	<u>15,536,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,536,766</u>
Unassigned:					
Designated for economic uncertainty					
	22,400,000	-	-	-	22,400,000
Undesignated					
	24,728,124	-	-	-	24,728,124
Subtotal unassigned	<u>47,128,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,128,124</u>
Total fund balances	<u>\$ 221,102,419</u>	<u>\$ 104,196,530</u>	<u>\$ 173,992,420</u>	<u>\$ 172,278,367</u>	<u>\$ 671,569,736</u>

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Employees of the District performing creditable services are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan with CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at CalSTRS' website.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is the member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members' final compensation is based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and State contribution rates are set by the California Legislature and the Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by 2046.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250% of applicable member earnings for fiscal year 2023-24.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205% as per the CalSTRS Funding Plan for a total member contribution rate of 10.205%. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% annually. Based on the June 30, 2023, actuarial valuation adopted by the CalSTRS Board in May 2024, the increase in normal cost was less than 1%. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2024.

Employers – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046.

The CalSTRS Funding Plan authorizes the CalSTRS Board to adjust the employer supplemental contribution rate up or down by a maximum of 1% annually for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the CalSTRS Board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year June 30, 2025 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2024-25 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Total</u>
July 1, 2024	8.250%	10.850%	19.100%
July 1, 2025 to June 30, 2046	8.250%		
July 1, 2046	8.250%	AB1469 rate increase ends for 2046-47 and beyond	

(1) The CalSTRS Funding Plan authorizes the Board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$76,707,725 to the STRP during the fiscal year ended June 30, 2025.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

State – The State is required to contribute 10.828% of the members' creditable compensation from the two fiscal years prior.

The State is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the State also has a supplemental contribution rate, which the Board can increase by no more than 0.5% each fiscal year to help eliminate the State's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the CalSTRS Board voted to keep the State supplemental contribution rate at 6.311% for fiscal year 2024–25.

The total State contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the State's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954.

The CalSTRS State contribution rates effective for fiscal year 2024-25 and beyond are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2024	2.017%	6.311%	2.50%	10.828%
July 01, 2025 to June 30, 2046	2.017%	(1)	2.50%	(1)
July 01, 2046	2.017%	(2)	2.50%	(2)

- (1) The CalSTRS Board has limited authority to adjust the State contribution rate annually through June 2046 to eliminate the remaining unfunded actuarial obligation. The CalSTRS Board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (2) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 403,517,000
State's proportionate share of the net pension liability associated with the District	<u>185,137,000</u>
Total	<u>\$ 588,654,000</u>

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's share of contributions to the STRP relative to the contributions of all participating contributing employers and the State. At June 30, 2025, the District's proportion was 0.601%, which was a decrease of 0.005% from its proportion at June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$64,616,426 and revenue of \$25,257,659 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 45,643,000	\$ 17,646,000
Changes of assumptions	1,766,000	27,559,000
Net differences between projected and actual earnings on investments	-	1,628,000
Changes in proportion and differences between District contributions and proportionate share of contributions	65,524,000	40,139,000
Contributions made subsequent to measurement date	<u>76,707,725</u>	<u>-</u>
Total	<u>\$ 189,640,725</u>	<u>\$ 86,972,000</u>

\$76,707,725 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2026	\$ (26,217,717)
2027	\$ 31,936,283
2028	\$ 1,930,784
2029	\$ 11,715,783
2030	\$ 9,133,033
2031	\$ (2,537,166)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2024 measurement date. Deferred outflows and deferred inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to the actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

Discount Rate: The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per the CalSTRS Funding Plan. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur midyear.

Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was calculated using a building-block approach. This method involves developing best-estimate ranges of 20- to 30-year geometrically linked expected future real rates of return for each major asset class. These expected returns are net of pension plan investment expenses and inflation. The best estimate ranges were created using capital market assumptions provided by CalSTRS investment staff and investment consultants.

The actuarial investment rate of return assumption was adopted by the CalSTRS Board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	38.0%	5.25%
Real Estate	15.0	4.05
Private Equity	14.0	6.75
Fixed Income	14.0	2.45
Risk Mitigating Strategies	10.0	2.25
Inflation Sensitive	7.0	3.65
Cash / Liquidity	2.0	(0.05)

* 20- to 30-year geometric average

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Mortality: CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale issued by the Society of Actuaries.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount <u>Rate (7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	\$ 717,725,000	\$ 403,517,000	\$ 141,140,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS annual comprehensive financial report available at the CalSTRS website.

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools' cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at CalPERS' website.

Benefits Provided: The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2% compounded annually (up to 5% maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plan are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) became effective in January 2013, and changed how benefits are applied as well as placed compensation limits on certain members as listed below. Members which do not fall into the definitions below, are generally be considered “classic” members in PERF B:

- Members joining on or after January 1, 2013, with no prior membership in another California public retirement system.
- Members joining before January 1, 2013, who are hired by a different CalPERS employer after January 1, 2013, and have a break in service greater than six months.
- Members joining on or after January 1, 2013, who are ineligible for reciprocity with another California public retirement system.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2025 were as follows:

Members - The classic member contribution rate was 7.0% of applicable member earnings for fiscal year 2024-25. The PEPRA member contribution rate was 8.0% of applicable member earnings for fiscal year 2024-25.

Employers - The employer contribution rate was 27.05% of applicable member earnings for fiscal year 2024-25.

The District contributed \$41,591,955 to the plan for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a liability of \$251,638,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District’s proportion of the net pension liability was based on the District’s share of contributions to the PERF B plan relative to the contributions of all participating school districts. At June 30, 2025 the District’s proportion was 0.704%, which was a decrease of 0.008% from its proportion at June 30, 2024.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$41,279,774. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 21,096,000	\$ 1,801,000
Changes of assumptions	5,562,000	-
Net differences between projected and actual earnings on investments	9,775,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,252,000
Contributions made subsequent to measurement date	<u>41,591,955</u>	-
Total	<u>\$ 78,024,955</u>	<u>\$ 4,053,000</u>

\$41,591,955 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending
June 30,**

2026	\$ 10,691,583
2027	\$ 22,608,583
2028	\$ 2,172,583
2029	\$ (3,092,749)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which was 3.9 years in the June 30, 2024 measurement. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to the actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rates of Return Years 1-10</u> ^(1, 2)
Global Equity – cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation rate of 2.30% used for this period

(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	\$ 373,810,000	\$ 251,638,000	\$ 150,714,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to all District employees who retired from the District prior to July 1, 2000 with ten years of service, and who immediately entered retirement status. The plan does not issue separate financial statements.

The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2025, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2025:

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	186

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All salaried employees of the District are eligible to receive postemployment health care benefits. Hourly employees (i.e., non-salaried with variable work hours) are not eligible to receive postemployment health care benefits.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. The District will pay the full premium of the lesser of the plans offered for the retiree or retiree and spouse.

Contributions to the Plan from the District were \$785,037 for the year ended June 30, 2025. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Actuarial Value of Assets</u>	<u>Market Value</u>
<u>Mortality Rate</u>	PERS - 2021 California PERS experience study. STRS - 2020 experience study.
<u>Discount Rate</u>	3.93%. Based on the Bond Buyer 20-Bond Index, as published by the Federal Reserve.
<u>Assumed Investment Return</u>	Not applicable since the plan is unfunded.
<u>Retirement Rate</u>	No assumption due to lack of future retirees.
<u>Inflation Rate</u>	2.50% per year
<u>Salary Increases</u>	2.75% per year
<u>Administrative Expenses</u>	None.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

<u>Dependent Coverage</u>	Current retirees are valued based on elected coverage.
<u>Health Plan Participation</u>	No assumption due to lack of future retirees.
<u>Medicare Coverage</u>	All participating retirees and spouses will qualify for Medicare coverage and enroll in Parts A and B upon age 65.
<u>Health Care Inflation</u>	4.00% per year
<u>Termination Rate</u>	No assumption due to lack of future retirees.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2024	<u>\$ 6,922,093</u>
Changes for the year:	
Interest	239,849
Differences between actual and expected experience	83,235
Change in assumptions	(123,849)
Benefit payments	<u>(785,037)</u>
Net change	<u>(585,802)</u>
Balance at June 30, 2025	<u>\$ 6,336,291</u>

The change in assumptions includes a change in the discount rate from 3.65% in the prior valuation, to 3.93% in the current valuation. There were no other changes between measurement date and the year ended June 30, 2025 which had a significant effect on the District's total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1%	Current	1%
	Decrease (2.93%)	Discount Rate (3.93%)	Increase (4.93%)
Total OPEB liability	<u>\$ 6,761,933</u>	<u>\$ 6,336,291</u>	<u>\$ 5,984,746</u>

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u>(3.0%)</u>	Healthcare Cost Trend Rates <u>Rate (4.0%)</u>	1% Increase <u>(5.0%)</u>
Total OPEB liability	\$ 5,903,856	\$ 6,336,291	\$ 6,806,483

For the year ended June 30, 2025, the District recognized OPEB expense of \$199,235.

\$576,541 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026.

NOTE 11 - ELK GROVE BENEFITS EMPLOYEE RETIREMENT TRUST

Trust Description: Elk Grove Benefits Employee Retirement Trust (EGBERT) was established February 20, 1996 as an irrevocable trust pursuant to an agreement by and between the Elk Grove Education Association, the American Federation of State, County and Municipal Employees, the Amalgamated Transit Union, the Psychologists and Social Workers Association and Elk Grove Unified School District. EGBERT was established to provide health and welfare benefits as defined in Sections 3543.2 and 53200 of the Government Code through a Health and Welfare Plan (Plan) for the retired eligible employees of the District and their eligible dependents on an insured or self-funded basis through a trust qualified as non-profit under Section 501(c)(9) of the Internal Revenue Code as a Voluntary Employees' Beneficiary Association.

Participation in EGBERT is limited to District employees and District board members who qualify pursuant to appropriate board policies, and their respective dependents. Additionally, District employees who are not subject to the terms of a collective bargaining agreement, but who otherwise qualify for retirement health benefits pursuant to District policy, can participate in EGBERT.

Health care benefits consist of medical, dental and vision insurance coverage. Under the current agreement, EGBERT will provide lifetime health care benefits for qualified retired employees of the District who retire on or after July 1, 2000.

The District does not retain any obligation for benefits in the event of the trust insolvency. The District contributed \$19,363,930 to EGBERT for the year ended June 30, 2025.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 - JOINT POWERS AGREEMENTS

Schools Insurance Authority: The District is a member with other school districts of a Joint Powers Agreement, Schools Insurance Authority, for the operation of a common risk management and insurance program for property and liability coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

The following is a summary of financial information of Schools Insurance Authority at June 30, 2024 (the most recent information available):

Total assets	\$ 250,309,753
Total deferred outflows	\$ 6,108,804
Total liabilities	\$ 129,302,201
Total deferred inflows	\$ 1,382,000
Total net position	\$ 125,734,356
Total revenues	\$ 112,583,784
Total expenditures	\$ 106,491,312
Change in net position	\$ 6,092,472

Government Financial Services Joint Powers Authority: The District is a member with other school districts of a Joint Powers Agreement, Government Financial Services Joint Powers Authority (GFSJPA). The GFSJPA provides various services to the District, including but not limited to assistance with financial planning, specialized projects, and debt administration.

The following is a summary of financial information of GFSJPA at June 30, 2024 (the most recent information available):

Total assets	\$ 3,153,604
Total liabilities	\$ 2,675,596
Total net position	\$ 478,008
Total revenues	\$ 2,323,780
Total expenditures	\$ 2,385,590
Change in net position	\$ (61,810)

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not a component unit of the District for financial reporting purposes.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 - ELK GROVE UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 1

At an election held April 28, 1987 pursuant to the Mello-Roos Community Facilities act of 1982 of the California Government Code, registered voters within the boundaries of the District authorized the issuance of \$70,000,000 principal amount of special tax bonds ("the Bonds") to finance certain elementary and secondary school facilities, including classroom and related buildings, student transportation equipment, and student support facilities, and also approved a maximum rate and method of apportionment of a special tax to pay for the principal and interest on the Bonds. At a subsequent election held on March 10, 1998, registered voters within the boundaries of the District authorized the issuance of an additional \$205,000,000 principal amount of special tax bonds for the same purposes and approved a maximum tax rate and method of apportionment of a special tax to pay for the principal and interest on bonds issued (see Note 6).

The County of Sacramento acts as agent for the District in collecting taxes, which are forwarded to the District for debt service and included in the County's agency funds with a corresponding liability recognized for the amounts due to the Facilities District bondholders. Construction projects are recorded in the District's capital project funds.

NOTE 14 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received federal and state funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

At June 30, 2025 the District had commitments for capital construction projects totaling approximately \$103.8 million.

REQUIRED SUPPLEMENTARY INFORMATION

**ELK GROVE UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025**

	Budget			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local control funding formula:				
State apportionment	\$ 574,443,621	\$ 582,663,847	\$ 570,475,134	\$ (12,188,713)
Local sources	168,212,389	173,164,472	185,869,152	12,704,680
Total Local control funding formula:	<u>742,656,010</u>	<u>755,828,319</u>	<u>756,344,286</u>	<u>515,967</u>
Federal sources	41,299,244	71,432,864	57,339,111	(14,093,753)
Other state sources	161,316,650	185,499,792	192,669,018	7,169,226
Other local sources	5,844,148	45,825,188	33,637,807	(12,187,381)
Total revenues	<u>951,116,052</u>	<u>1,058,586,163</u>	<u>1,039,990,222</u>	<u>(18,595,941)</u>
Expenditures:				
Current:				
Certificated salaries	396,482,958	433,049,001	431,421,331	1,627,670
Classified salaries	139,060,930	151,575,410	148,835,114	2,740,296
Employee benefits	290,448,894	284,670,844	277,385,063	7,285,781
Books and supplies	54,467,500	63,598,687	36,327,052	27,271,635
Contract services and operating expenditures	112,416,505	191,060,510	185,872,441	5,188,069
Other outgo	1,645,111	1,088,652	3,242,046	(2,153,394)
Capital outlay	<u>4,035,355</u>	<u>46,123,928</u>	<u>28,205,996</u>	<u>17,917,932</u>
Total expenditures	<u>998,557,253</u>	<u>1,171,167,032</u>	<u>1,111,289,043</u>	<u>59,877,989</u>
Deficiency of revenues under expenditures	<u>(47,441,201)</u>	<u>(112,580,869)</u>	<u>(71,298,821)</u>	<u>41,282,048</u>
Other financing (uses) sources:				
Transfers in	-	-	1,511,852	1,511,852
Transfers out	<u>(278,595)</u>	<u>(1,468,170)</u>	<u>(1,355,094)</u>	<u>113,076</u>
Total other financing (uses) sources	<u>(278,595)</u>	<u>(1,468,170)</u>	<u>156,758</u>	<u>1,624,928</u>
Net change in fund balance	(47,719,796)	(114,049,039)	(71,142,063)	42,906,976
Fund balance, July 1, 2024	<u>292,244,482</u>	<u>292,244,482</u>	<u>292,244,482</u>	<u>-</u>
Fund balance, June 30, 2025	<u>\$ 244,524,686</u>	<u>\$ 178,195,443</u>	<u>\$ 221,102,419</u>	<u>\$ 42,906,976</u>

See accompanying note to required supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITIES
For the Year Ended June 30, 2025

Last 10 Fiscal Years								
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB liability								
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	489,361	503,010	465,082	392,178	255,618	240,307	328,846	239,849
Change in assumptions	- (314,780)	(314,780)	236,642	1,139,966	807,165	(1,087,707)	(161,273)	(123,849)
Experience (Gains)/Losses	- (647,017)	- (647,017)	(647,017)	- (1,131,632)	(533,474)	(142,859)	(2,045,997)	83,235
Benefit payments	<u>(1,151,839)</u>	<u>(1,197,913)</u>	<u>(1,110,165)</u>	<u>(1,131,632)</u>	<u>(1,075,839)</u>	<u>(856,297)</u>	<u>(977,822)</u>	<u>(785,037)</u>
Net change in total OPEB liability	(662,478)	(1,009,683)	(1,055,458)	400,512	(546,530)	(1,846,556)	(2,856,246)	(585,802)
Total OPEB liability - beginning of year	<u>14,500,532</u>	<u>13,836,054</u>	<u>12,826,371</u>	<u>11,770,913</u>	<u>12,171,425</u>	<u>11,624,895</u>	<u>9,778,339</u>	<u>6,922,093</u>
Total OPEB liability - end of year	<u>\$ 13,838,054</u>	<u>\$ 12,826,371</u>	<u>\$ 11,770,913</u>	<u>\$ 12,171,425</u>	<u>\$ 11,624,895</u>	<u>\$ 9,778,339</u>	<u>\$ 6,922,093</u>	<u>\$ 6,336,291</u>
Covered employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Total OPEB liability as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

* The District's plan is closed and only retirees are receiving benefits, therefore no covered payroll.

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2025**

State Teachers' Retirement Plan Last 10 Fiscal Years										
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.575%	0.571%	0.561%	0.565%	0.592%	0.548%	0.478%	0.553%	0.606%	0.601%
District's proportionate share of the net pension liability	\$387,022,000	\$462,169,000	\$518,709,000	\$519,668,000	\$534,293,000	\$530,880,000	\$217,578,000	\$384,139,000	461,620,000	403,517,000
State's proportionate share of the net pension liability associated with the District	<u>204,691,000</u>	<u>263,129,000</u>	<u>306,866,000</u>	<u>297,535,000</u>	<u>291,494,000</u>	<u>290,122,000</u>	<u>129,454,000</u>	<u>217,125,000</u>	<u>221,178,000</u>	<u>185,137,000</u>
Total net pension liability	<u><u>\$591,713,000</u></u>	<u><u>\$725,298,000</u></u>	<u><u>\$825,575,000</u></u>	<u><u>\$817,203,000</u></u>	<u><u>\$825,787,000</u></u>	<u><u>\$821,002,000</u></u>	<u><u>\$347,032,000</u></u>	<u><u>\$601,264,000</u></u>	<u><u>\$682,798,000</u></u>	<u><u>\$588,654,000</u></u>
District's covered payroll	\$266,821,000	\$284,779,000	\$296,958,000	\$302,077,000	\$313,827,000	\$312,142,000	\$261,844,000	\$310,432,000	\$375,405,000	\$391,198,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	145.05%	162.29%	174.67%	172.03%	170.25%	170.08%	83.09%	123.74%	122.97%	103.15%
Plan fiduciary net position as a percentage of the total pension liability	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2025**

Public Employer's Retirement Fund B Last 10 Fiscal Years										
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.712%	0.710%	0.724%	0.730%	0.738%	0.737%	0.718%	0.713%	0.712%	0.704%
District's proportionate share of the net pension liability	\$ 104,902,000	\$ 140,149,000	\$ 172,893,000	\$ 194,740,000	\$ 215,066,000	\$ 225,987,000	\$ 146,077,000	\$ 245,210,000	\$ 257,718,000	\$ 251,638,000
District's covered payroll	\$ 78,790,000	\$ 85,132,000	\$ 92,198,000	\$ 97,719,000	\$ 103,122,000	\$ 106,797,000	\$ 103,449,000	\$ 116,939,000	\$ 127,358,000	\$ 139,118,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	133.14%	164.63%	187.52%	199.29%	208.55%	211.60%	141.21%	209.69%	202.36%	180.88%
Plan fiduciary net position as a percentage of the total pension liability	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%	72.29%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2025

State Teachers' Retirement Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 30,556,787	\$ 37,357,344	\$ 43,589,645	\$ 51,091,114	\$ 53,376,320	\$ 50,012,139	\$ 59,292,602	\$ 71,702,291	\$ 74,718,768	\$ 76,707,725
Contributions in relation to the contractually required contribution	<u>(30,556,787)</u>	<u>(37,357,344)</u>	<u>(43,589,645)</u>	<u>(51,091,114)</u>	<u>(53,376,320)</u>	<u>(50,012,139)</u>	<u>(59,292,602)</u>	<u>(71,702,291)</u>	<u>(74,718,768)</u>	<u>(76,707,725)</u>
Contribution deficiency (excess)	<u>\$ _____ -</u>									
District's covered payroll	\$284,779,000	\$296,958,000	\$302,077,000	\$313,827,000	\$312,142,000	\$261,844,000	\$310,432,000	\$375,405,000	\$391,198,000	\$401,611,000
Contributions as a percentage of covered payroll	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***	19.10%	19.10%	19.10%

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2025

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 10,085,627	\$ 12,804,434	\$ 15,176,778	\$ 18,625,808	\$ 21,061,415	\$ 21,413,896	\$ 26,790,798	\$ 32,310,792	\$ 37,116,773	\$ 41,591,955
Contributions in relation to the contractually required contribution	<u>(10,085,627)</u>	<u>(12,804,434)</u>	<u>(15,176,778)</u>	<u>(18,625,808)</u>	<u>(21,061,415)</u>	<u>(21,413,896)</u>	<u>(26,790,798)</u>	<u>(32,310,792)</u>	<u>(37,116,773)</u>	<u>(41,591,955)</u>
Contribution deficiency (excess) \$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
District's covered payroll	\$ 85,132,000	\$ 92,198,000	\$ 97,719,000	\$ 103,122,000	\$ 106,797,000	\$ 103,449,000	\$ 116,939,000	\$ 127,358,000	\$ 139,118,000	\$ 153,760,000
Contributions as a percentage of covered payroll	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%	26.68%	27.05%

See accompanying note to required supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Total OPEB Liability is presented to illustrate the elements of the District's Total OPEB Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability.

Schedule of District Contributions: The Schedule of District Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rate used to calculate the District's OPEB liability was 3.87, 3.8, 3.5, 2.2, 2.16, 3.54, 3.65, and 3.93 in the June 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025 actuarial reports, respectively.

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

<u>Assumption</u>	<u>Measurement Period</u>									
	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>									
	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

ELK GROVE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2025

	<u>Student Activity Fund</u>	<u>Charter Schools Fund</u>	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve for Capital Outlay Fund</u>	<u>Capital Projects Fund</u>	<u>Bond Interest Redemption Fund</u>	<u>Mello-Roos Administrative Fund</u>	<u>Total</u>
ASSETS												
Cash in County Treasury	\$ 1,455,093	\$ 6,579,894	\$ 2,930,267	\$ 3,755,856	\$ 33,795,561	\$ 1	\$ 237,823	\$ 1,326,012	\$ 41,724,748	\$ 84,964	\$ 121,394	\$ 92,011,613
Cash with Fiscal Agent	-	-	-	-	-	-	-	-	23,404,899	14,803,451	20,653,807	58,862,157
Cash in banks	4,796,637	-	17,665	-	10,514	-	-	-	-	-	-	4,824,816
Cash in revolving fund	-	-	-	-	11,266	-	-	-	-	-	-	11,266
Cash awaiting deposit	-	-	326,415	79,314	3,470,166	-	-	-	-	-	-	3,875,895
Receivables	797	155,332	1,741,583	1,652,739	11,868,044	1	225,245	25,703	1,085,480	-	24,676	16,779,600
Prepaid expenditures	-	-	-	33,238	-	-	-	-	1,995	-	-	35,233
Due from other funds	651	94,678	10,871	200,004	5,219	-	26,701	-	435,467	-	-	773,591
Stores inventory	301,544	-	-	-	2,275,225	-	-	-	-	-	-	2,576,769
Total assets	\$ 6,554,722	\$ 6,829,904	\$ 5,026,801	\$ 5,721,151	\$ 51,435,995	\$ 2	\$ 489,769	\$ 1,351,715	\$ 66,652,589	\$ 14,888,415	\$ 20,799,877	\$ 179,750,940
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ 165,609	\$ 347,896	\$ 131,195	\$ 288,694	\$ 1,177,362	\$ -	\$ -	\$ -	\$ 73,725	\$ -	\$ -	\$ 2,184,481
Unearned revenue	-	-	-	2,972,255	-	-	-	-	-	-	-	2,972,255
Due to other funds	345,297	241,194	115,151	111,375	1,090,675	2	175,927	-	236,216	-	-	2,315,837
Total liabilities	510,906	589,090	246,346	3,372,324	2,268,037	2	175,927	-	309,941	-	-	7,472,573
Fund balances:												
Nonspendable	301,544	-	33,238	2,286,491	-	-	-	-	1,995	-	-	2,623,268
Restricted	5,742,272	6,240,814	4,780,455	2,315,589	46,881,467	-	313,842	1,351,715	66,340,653	14,888,415	20,799,877	169,655,099
Total fund balance	6,043,816	6,240,814	4,780,455	2,348,827	49,167,958	-	313,842	1,351,715	66,342,648	14,888,415	20,799,877	172,278,367
Total liabilities and fund balances	\$ 6,554,722	\$ 6,829,904	\$ 5,026,801	\$ 5,721,151	\$ 51,435,995	\$ 2	\$ 489,769	\$ 1,351,715	\$ 66,652,589	\$ 14,888,415	\$ 20,799,877	\$ 179,750,940

See accompanying notes to supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES - ALL NON-MAJOR FUNDS
For The Year Ended June 30, 2025

	Student Activity <u>Fund</u>	Charter Schools <u>Fund</u>	Adult Education <u>Fund</u>	Child Development <u>Fund</u>	Cafeteria <u>Fund</u>	Deferred Maintenance <u>Fund</u>	County School Facilities <u>Fund</u>	Special Reserve for Capital Outlay <u>Fund</u>	Capital Projects <u>Fund</u>	Bond Interest Redemption <u>Fund</u>	Mello-Roos Administrative <u>Fund</u>	Total
Revenues:												
Local Control Funding Formula	\$ -	\$ 2,906,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,906,220
Federal sources	-	-	1,949,963	4,136,800	23,269,612	-	-	-	-	-	-	29,356,375
Other state sources	-	241,509	4,237,453	2,658,024	20,446,551	-	13,080,290	-	8,277	133,000	-	40,805,104
Other local sources	9,603,661	302,223	1,096,208	443,228	1,752,588	2	308,079	176,092	3,618,520	21,079,866	18,112,985	56,493,452
Total revenues	9,603,661	3,449,952	7,283,624	7,238,052	45,468,751	2	13,388,369	176,092	3,626,797	21,212,866	18,112,985	129,561,151
Expenditures:												
Current:												
Certificated salaries	1,080	1,375,280	2,019,905	917,290	-	-	-	-	-	-	-	4,313,555
Classified salaries	1,100	199,063	1,484,812	2,768,151	12,649,122	-	-	-	1,575,450	-	-	18,677,698
Employee benefits	378	757,614	1,720,738	1,898,354	6,037,951	-	-	-	751,789	-	-	11,166,824
Books and supplies	7,782,204	184,461	264,833	800,475	14,901,794	-	-	-	131,913	-	-	24,065,680
Contract services and operating expenditures	2,012,299	473,621	1,002,280	191,931	925,903	-	-	-	345,068	-	-	4,951,102
Other outgo	-	-	91,075	-	-	-	-	-	-	-	-	91,075
Capital outlay	-	-	258,130	-	2,248,825	-	-	-	6,490,277	-	-	8,997,232
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	6,050,000	11,350,000	17,400,000
Interest	-	-	-	-	-	-	-	-	-	14,928,444	7,934,177	22,862,621
Total expenditures	9,797,061	2,990,039	6,841,773	6,576,201	36,763,595	2	13,388,369	176,092	(5,667,700)	234,422	(1,171,192)	112,525,787
(Deficiency) excess of revenues (under) over expenditures	(193,400)	459,913	441,851	661,851	8,705,156	2	13,388,369	176,092	(5,667,700)	234,422	(1,171,192)	17,035,364
Other financing sources (uses):												
Transfers in	-	40,065	-	190,000	1,125,029	-	-	-	2,998,837	-	853,030	5,206,961
Transfers out	-	(24,106)	(207,776)	(287,280)	(992,688)	(2)	(43,891,700)	-	(853,030)	-	(2,998,837)	(49,255,419)
Total other financing sources (uses)	-	15,959	(207,776)	(97,280)	132,341	(2)	(43,891,700)	-	2,145,807	-	(2,145,807)	(44,048,458)
Net change in fund balances	(193,400)	475,872	234,075	564,571	8,837,497	-	(30,503,331)	176,092	(3,521,893)	234,422	(3,316,999)	(27,013,094)
Fund balance, July 1, 2024	6,237,216	5,764,942	4,546,380	1,784,256	40,330,461	-	30,817,173	1,175,623	69,864,541	14,653,993	24,116,876	199,291,461
Fund balance, June 30, 2025	\$ 6,043,816	\$ 6,240,814	\$ 4,780,455	\$ 2,348,827	\$ 49,167,958	\$ -	\$ 313,842	\$ 1,351,715	\$ 66,342,648	\$ 14,888,415	\$ 20,799,877	\$ 172,278,367

See accompanying notes to supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2025

Second
Period
Report

DISTRICT

Certificate Number	3B98B216	8765CABE
Elementary:		
Transitional Kindergarten through Third	17,575	17,630
Fourth through Sixth	13,496	13,505
Seventh and Eighth	<u>9,413</u>	<u>9,394</u>
 Subtotal Elementary	<u>40,484</u>	<u>40,529</u>
 Secondary:		
Ninth through Twelfth	<u>18,787</u>	<u>18,606</u>
 Total District	<u>59,271</u>	<u>59,135</u>

CHARTER SCHOOL

Elk Grove Charter

Certificate Number	BC57D920	5CFA6B5D
Charter School - Non Classroom-Based:		
Elementary: Seventh and Eighth	51	53
Secondary: Ninth through Twelfth	206	206
Total Charter School - Non Classroom-Based	257	259

See accompanying notes to supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2025

<u>GRADE LEVEL</u>	Statutory Minutes Requirement	2024-25 Actual Minutes Offered	Actual* Number of Days Offered	<u>Status</u>
<u>DISTRICT</u>				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	51,980	180	In Compliance
Grade 2	50,400	51,980	180	In Compliance
Grade 3	50,400	54,275	180	In Compliance
Grade 4	54,000	54,275	180	In Compliance
Grade 5	54,000	54,275	180	In Compliance
Grade 6	54,000	54,275	180	In Compliance
Grade 7	54,000	58,008	180	In Compliance
Grade 8	54,000	58,008	180	In Compliance
Grade 9	64,800	64,985	180	In Compliance
Grade 10	64,800	64,985	180	In Compliance
Grade 11	64,800	64,985	180	In Compliance
Grade 12	64,800	64,985	180	In Compliance
<u>ELK GROVE CHARTER</u>				
Grade 7	*	*	180	In Compliance
Grade 8	*	*	180	In Compliance
Grade 9	*	*	180	In Compliance
Grade 10	*	*	180	In Compliance
Grade 11	*	*	180	In Compliance
Grade 12	*	*	180	In Compliance

* Statutory minutes and actual minutes offered are not applicable as the school is non-classroom based

See accompanying notes to supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025**

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education IDEA Cluster:		
84.027A	Special Ed: Mental Health Services	15197	\$ 743,375
84.027	Special Ed: Basic Grant Entitlement PL 101-476	13379	10,398,713
84.027	Special Ed: IDEA Local Asst Private School	10115	114,309
84.027	Special Ed: IDEA Local Assistance, Part B, Sec. 611, Early Intervening Services	10119	1,808,212
84.173A	Special Ed: IDEA Preschool Staff Development	13431	708
84.173A	Special Education: IDEA Preschool Grants Part B, Sec 619, Private School ISPs	10116	665
84.173	Special Ed: IDEA Part B, Sec 619, Preschool Grants Early Intervening Services	10131	42,609
84.173	Special Ed: IDEA Preschool Grants	13430	<u>182,368</u>
	Subtotal Special Education IDEA Cluster		<u>13,290,959</u>
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education & ESL	14508	173,684
84.002A	Adult Education: English Literacy & Civics Education	14109	76,652
84.002A	Adult Education: Institutionalized Adults	13971	153,676
84.002A	Adult Education: Adult Secondary Education	13978	<u>209,946</u>
	Subtotal Adult Education Programs		<u>613,958</u>
	Vocational Programs:		
84.048	Vocational Programs: Voc & Appl Tech Secondary IIC	14894	575,137
84.048A	Vocational Programs: Post Secondary & Adult IIC	14893	<u>30,152</u>
	Subtotal Vocational Programs		<u>605,289</u>
	ESEA: Title I, Part A Programs:		
84.010	ESEA: Title I: Basic Grants Low-Income and Neglected	14329	17,853,074
84.010	ESSA School Improvement Funding for LEA's	15438	<u>476,522</u>
	Subtotal ESEA: Title I, Part A Programs		<u>18,329,596</u>

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025**

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
COVID-19 - Education Stabilization Fund Programs:			
84.425	COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	15559	\$ 12,486,560
84.425U	COVID 19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	10155	2,632
84.425	COVID 19 - American Rescue Plan - Homeless Children and Youth II	15566	10,725
84.425U	COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	15620	1,654,299
84.425U	COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	15621	2,013,729
84.425	COVID-19 - 21st Century Community Learning Centers (CCLC) ESSER III State Reserve Summer Learning Programs	15650	207,137
84.425	COVID-19 - ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	15652	<u>682,859</u>
Subtotal COVID-19 - Education Stabilization Fund Programs			<u>17,057,941</u>
84.287	ESSA: Title IV, Part B, 21st Century Community Learning Centers Program	14535	2,805,546
84.181	Special Education: IDEA Early Intervention Grants	23761	53,605
84.365	ESEA: Title III, Limited English Proficient (LEP) Student Program	14346	1,354,311
84.367	ESEA: Title II, Part A, Teacher Quality Local Grants	14341	2,245,025
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment Grants	15396	892,715
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	322,071
84.060	Indian Education	10011	63,888
84.196	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Grants	14332	<u>79,269</u>
Total U.S. Department of Education			<u>57,714,173</u>
<u>U.S. Department of Labor - Passed through California Department of Education</u>			
WIOA Cluster:			
17.258	SETA: Training Center	*	465,054
17.259	SETA: One Stop Out of School	*	<u>314,557</u>
Subtotal WIAO Cluster			<u>779,611</u>
Total U.S. Department of Labor			<u>779,611</u>

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025**

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.600	Head Start - Basic - Head Start Cluster	10016	4,136,800
93.569	SETA: CSBG Safety Net	*	112,369
93.569	SETA: CSBG Safety Self Sufficiency	*	125,108
93.566	SETA: Refugee Support Services (ELL)	*	286,180
93.674	Independent Living Program ILP	*	95,725
17.260	SETA: RSS Housing Assist Ukraine	*	2,586
UNK	CDFA CA Farm to School Grant	*	173,323
Total U.S. Department of Health and Human Services			<u>4,932,091</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
Child Nutrition Cluster:			
10.555	Child Nutrition: School Programs (NSL Sec 4) - Child National School Lunch Program	13523	20,728,656
10.555	Child Nutrition: Local Food for Schools	15708	14,027
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968	107,619
Subtotal Child Nutrition Cluster			<u>20,850,302</u>
10.558	Child Nutrition: CACFP Claims Centers and Family Day Care	13393	2,246,573
Total U.S. Department of Agriculture			<u>23,096,875</u>
Total Federal Programs			<u>\$ 86,522,750</u>

* The District is unable to locate a pass-through number for this program.

See accompanying notes to supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

There were no audit adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
UNAUDITED
For the Year Ended June 30, 2025

	(Budgeted)			
	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>General Fund</u>				
Revenues and other financing sources	<u>\$ 1,055,844,564</u>	<u>\$ 1,041,502,074</u>	<u>\$ 1,102,248,970</u>	<u>\$ 1,068,684,891</u>
Expenditures	<u>1,113,908,035</u>	<u>1,111,289,043</u>	<u>1,103,462,015</u>	<u>965,617,473</u>
Other uses and transfers out	<u>325,659</u>	<u>1,355,094</u>	<u>473,274</u>	<u>180,123</u>
Total outgo	<u>1,114,233,694</u>	<u>1,112,644,137</u>	<u>1,103,935,289</u>	<u>965,797,596</u>
Change in fund balance	<u>\$ (58,389,130)</u>	<u>\$ (71,142,063)</u>	<u>\$ (1,686,319)</u>	<u>\$ 102,887,295</u>
Ending fund balance	<u>\$ 162,713,289</u>	<u>\$ 221,102,419</u>	<u>\$ 292,244,482</u>	<u>\$ 293,930,801</u>
Available reserves	<u>\$ 31,437,890</u>	<u>\$ 47,128,124</u>	<u>\$ 71,140,577</u>	<u>\$ 67,108,496</u>
Designated for economic uncertainties	<u>\$ 22,000,000</u>	<u>\$ 22,400,000</u>	<u>\$ 22,052,289</u>	<u>\$ 19,300,000</u>
Undesignated fund balance	<u>\$ 9,437,890</u>	<u>\$ 24,728,124</u>	<u>\$ 49,088,288</u>	<u>\$ 47,808,496</u>
Available reserves as percentages of total outgo	<u>2.82%</u>	<u>4.24%</u>	<u>6.44%</u>	<u>6.95%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 1,321,546,408</u>	<u>\$ 1,353,905,565</u>	<u>\$ 1,401,988,578</u>	<u>\$ 1,291,938,300</u>
Average daily attendance at P-2	<u>59,341</u>	<u>59,271</u>	<u>58,555</u>	<u>57,023</u>

The General Fund fund balance has increased by \$30,058,913 over the past three years. The fiscal year 2025-2026 budget, as originally adopted, projects a decrease of \$58,389,130. For a district this size (budgeted ADA in excess of 30,000), the state recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo). The District has met this requirement.

The District has incurred an operating deficit over the past two years, an operating surplus in the third previous year, and anticipates an operating deficit during the 2025-2026 fiscal year.

Total long-term liabilities have increased by \$61,967,265 over the past three years, as shown in Note 6 to the basic financial statements.

Average daily attendance has increased by 2,248 over the past three years. For the year ended June 30, 2026 the District anticipates an increase of 70 ADA.

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2025

Charter Schools Chartered by District

Included in District
Financial Statements,
or Separate Report

0027 – Elk Grove Charter	Included in District Financial Statements
0777 – California Montessori Project – Elk Grove	Separate Report
1949 – Sacramento Academic and Vocational Academy	Separate Report

See accompanying notes to supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES
For the Year Ended June 30, 2025

	<u>First 5/ School Readiness</u>	<u>All Other Programs</u>	<u>Total Child Development Fund</u>
Revenues:			
Federal revenue sources	\$ -	\$ 4,136,800	\$ 4,136,800
State revenue sources	- -	2,658,024	2,658,024
Local revenue sources	<u>240,644</u>	<u>202,584</u>	<u>443,228</u>
Total revenues	<u>240,644</u>	<u>6,997,408</u>	<u>7,238,052</u>
Expenditures:			
Current:			
Certificated salaries	22,388	894,902	917,290
Classified salaries	110,465	2,657,686	2,768,151
Employee benefits	88,417	1,809,937	1,898,354
Books and supplies	7,049	793,426	800,475
Contract services and operating expenditures	<u>3,861</u>	<u>188,070</u>	<u>191,931</u>
Total expenditures	<u>232,180</u>	<u>6,344,021</u>	<u>6,576,201</u>
Excess of revenues over expenditures	<u>8,464</u>	<u>653,387</u>	<u>661,851</u>
Other financing sources (uses):			
Transfers in	2,097	187,903	190,000
Transfers out	<u>(10,561)</u>	<u>(276,719)</u>	<u>(287,280)</u>
Total other financing sources (uses):	<u>(8,464)</u>	<u>(88,816)</u>	<u>(97,280)</u>
Net change in fund balances	- -	564,571	564,571
Fund balances, July 1, 2024	<u>- -</u>	<u>1,784,256</u>	<u>1,784,256</u>
Fund balances, June 30, 2025	<u>\$ - -</u>	<u>\$ 2,348,827</u>	<u>\$ 2,348,827</u>

See accompanying notes to supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance: Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Elk Grove Unified School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent *de minimis* indirect cost rate allowed under Uniform Guidance. There were no funds passed through to subrecipients.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Annual Financial and Budget Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2025-26 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

Schedule of First 5 Revenues and Expenditures: This schedule provides information about the First 5 Sacramento County Program.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the year ended June 30, 2025, the District did not adopt this program.

OTHER INFORMATION

ELK GROVE UNIFIED SCHOOL DISTRICT
ORGANIZATION
For the Year Ended June 30, 2025

Elk Grove Unified School District was established in 1959 through the unification of smaller school districts. The District is a political subdivision of the State of California. The District covers 320 square miles within the cities of Elk Grove, Sacramento, Rancho Cordova and unincorporated areas of Sacramento County. There were no changes in the boundaries of the District during the year. The District operates 43 elementary schools, nine middle schools, nine comprehensive high schools, three alternative high schools, one special education school, one adult school, one independent study school, and one charter school.

The Board of Education of Elk Grove Unified School District governs all activities related to public education within the jurisdiction of the District. The Board receives funding from local, State and Federal sources and must comply with the associated requirements of these funding sources. Elk Grove Unified School District is governed by an elected seven member Board of Education. The board members represent seven geographic areas and are elected by area for four year terms and elections are held every two years. The Board has decision making authority and accountability for all fiscal matters relating to the District.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Michael Vargas	President	December 2026
Sean J. Yang	Vice President/Clerk	December 2028
Beth Albiani	Member	December 2026
Jennifer Ballerini	Member	December 2028
Delia Baulwin	Member	December 2026
Susan Davis	Member	December 2028
Heidi Moore	Member	December 2028
Celine Qin	Student Member	June 2025

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for managing the District's day-to-day operations and supervising the work of other key District administrators. Key members of the District's staff are as follows:

ADMINISTRATION

Christopher R. Hoffman
Superintendent

Kristen Coates, Ed. D.
Deputy Superintendent, Business Services and Facilities

Amari Watkins, CPA (Inactive)
Chief Financial Officer

Mark Cerutti
Deputy Superintendent, Education Services and Schools

Jenifer Avey
Assistant Superintendent, Elementary (Pre K-6) Education

Chad Sweitzer
Assistant Superintendent, Secondary Education

David E. Reilly
Associate Superintendent, Human Resources, Special Education & Negotiations

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Education
Elk Grove Unified School District
Elk Grove, California

Report on Compliance

Opinion on State Compliance

We have audited Elk Grove Unified School District's (the District) compliance with the requirements specified in the State of California *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion on Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of the District's compliance with the compliance requirements noted in the table below.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements noted in the table below and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements noted in the table below occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements noted in the table below is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements noted in the table below and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>2024-25 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<i>Local Education Agencies Other than Charter Schools:</i>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High Schools or Programs	N/A, see below
O. K-3 Grade Span Adjustment	Yes
Q. Apprenticeship: Related and Supplemental Instruction	N/A, see below
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes

(Continued)

2024-25 K-12 Audit Guide Procedures (continued)Procedures Performed*School Districts, County Offices of Education, and Charter Schools:*

T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	N/A, see below
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
FZ. Kindergarten Continuance	Yes

Charter Schools:

AA. Attendance	Yes
BB. Mode of Instruction	N/A, see below
CC. Nonclassroom-Based Instruction/Independent Study	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction	Yes
EE. Annual Instructional Minutes-Classroom Based	N/A, see below
FF. Charter School Facility Grant Program	N/A, see below

The District did not offer an Early Retirement Incentive Program; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District did not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District did not have Middle or Early College High Schools or Programs; therefore, we did not perform any procedures related to Middle or Early College High Schools or Programs.

The District did not offer Apprenticeship: Related and Supplemental Instruction; therefore, we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

The District is not reported as a District of Choice per the California Department of Education, therefore we did not perform any procedures related to District of Choice.

The District did not offer an Independent Study - Course Based program in the current year; therefore, we did not perform any procedures related to Independent Study - Course Based.

The District's schools submitted timely immunization assessment reports to the California Department of Public Health; therefore, we did not perform any procedures related to Immunizations program.

The District did not have any spending related to Expanded Learning Opportunities (ELO-G); therefore, we did not perform any testing of Expanded Learning Opportunities (ELO-G).

The District does not offer classroom-based instruction for charter schools; therefore, we did not perform any procedures related to Mode of Instruction and Annual Instructional Minutes - Classroom-Based for charter schools.

The District did not expend any Charter School Facilities Grant Program funds in the current year; therefore, we did not perform any procedures related to the program.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance regarding the After/Before School Education and Safety Program, which is described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2025-002.

Government Auditing Standards requires the auditor to perform limited procedures on Elk Grove Unified School District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Elk Grove Unified School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Sacramento, California
December 19, 2025

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Elk Grove Unified School District
Elk Grove, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elk Grove Unified School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Elk Grove Unified School District's basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Elk Grove Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Elk Grove Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Elk Grove Unified School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elk Grove Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note other matters described in the accompanying Schedule of Findings and Questioned Costs as Finding 2025-001 that is required to be reported under *Government Auditing Standards*.

Elk Grove Unified School District's Response to Finding

Government Auditing Standards required the auditor to perform limited procedures on Elk Grove Unified School District's responses to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Questioned Costs. Elk Grove Unified School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Sacramento, California
December 19, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE FIRST 5
SACRAMENTO COUNTY PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH A PROGRAM-SPECIFIC AUDIT

Board of Education
Elk Grove Unified School District
Elk Grove, California

Report on Compliance

Opinion on First 5 Sacramento County Program

We have audited Elk Grove Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2025.

In our opinion, Elk Grove Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2025.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the First 5 Sacramento County Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the First 5 Sacramento County Program Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

(Continued)

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the First 5 Sacramento County Program Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the First 5 Sacramento County Program Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the First 5 Sacramento County Program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the First 5 Sacramento County Program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the First 5 Sacramento County Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of First 5 Sacramento County Program Guidelines. Accordingly, this report is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Sacramento, California
December 19, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Elk Grove Unified School District
Elk Grove, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Elk Grove Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Elk Grove Unified School District's major federal program for the year ended June 30, 2025. Elk Grove Unified School District's major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Elk Grove Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Elk Grove Unified School District's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Elk Grove Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Elk Grove Unified School District's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Elk Grove Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Elk Grove Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Elk Grove Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Elk Grove Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Elk Grove Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 19, 2025

FINDINGS AND RECOMMENDATIONS

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555/10.582	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$2,595,682

Auditee qualified as low-risk auditee? Yes No

STATE AWARDS

Type of auditors' report issued on compliance for state programs: Unmodified

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

2025-001 DEFICIENCY – VACATION ACCRUAL (30000)

Criteria: Vacation accrual is governed by collective bargaining contracts as well as board policies 4162, 4262 and 4362. All contracts and board policies prohibit accumulation of vacation days in excess of the stated maximums.

Condition: As of June 30, 2025, there are approximately 865 employees who exceed the maximum days permitted by policy, by a total of approximately 30,907 excess days, representing an excess vacation accrual of \$8,253,898.

Effect: The effect of the condition is increased liability to the district, to be paid in future years based on the over accrual.

Cause: The District is not enforcing policy and contract language regarding vacation accrual.

Fiscal Impact: At June 30, 2025, the excess vacation accrual is \$8,253,898.

Identification of Repeat Finding: This is a repeat finding identified in the 2023-24 Audit Report as Finding 2024-001.

Recommendation: The District should enforce the requirements set in the collective bargaining contracts and District policy.

Views of Responsible Officials and Planned Corrective Action: The District is continuing to implement processes in partnership with its bargaining partners to reduce the accrued liability below the allowable maximum days permitted by policy and bargaining contracts. This includes one-time payouts to reduce balances, paying out vacation accruals annually, elective payouts for hardship reasons, and limiting vacation balances to 80 hours when promoting to a position in a different bargaining unit by paying out excess balances. The District will continue to discuss the issue with its bargaining partners to find solutions to reduce the balance of excess days.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025-002 DEFICIENCY – STATE COMPLIANCE – AFTER/BEFORE SCHOOL EDUCATION AND SAFETY (40000)

Criteria: Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421(b) and Education Code Section 44809 – Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State of California.

Condition: Each of the sites selected for testing of attendance reporting of the After School component of the After/Before School Education and Safety Program resulted in differences between the supporting documentation of pupil counts when compared to the reported totals. The net impact was an understatement of 9 days of attendance for the ASES program.

Context: We performed the audit procedures enumerated in the State of California *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is out of compliance with state requirements.

Cause: The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact: Not determinable.

Identification of Repeat Finding: Not a repeated finding.

Recommendation: The District's management team should implement or reinforce internal controls to ensure accurate accounting for attendance for the ASES program.

Views of Responsible Officials and Planned Corrective Action: To strengthen internal controls and ensure accurate accounting, the District moved to an electronic sign-out option for the 2025–26 school year. This transition is designed to improve the accuracy of sign-out records, reduce errors, and enable the Department to audit attendance from the District office.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

ELK GROVE UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2025

2024-001 DEFICIENCY – VACATION ACCRUAL (30000)

Condition: As of June 30, 2024, there are approximately 816 employees who exceed the maximum days permitted by policy, by a total of approximately 28,409 excess days, representing an excess vacation accrual of \$7,456,719.

Recommendation: The District should enforce the requirements set in the collective bargaining contracts and District policy.

Views of Responsible Officials and Planned Corrective Action: The District is continuing to implement processes in partnership with its bargaining partners to reduce the accrued liability below the allowable maximum days permitted by policy and bargaining contracts. This includes one-time payouts to reduce balances, paying out vacation accruals annually, elective payouts for hardship reasons, and limiting vacation balances to 80 hours when promoting to a position in a different bargaining unit by paying out excess balances. The District will continue to discuss the issue with its bargaining partners to find solutions to reduce the balance of excess days.

Current Status: Not Implemented.

District Explanation if Not Implemented: See current year finding 2025-001.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2025

**2024-002 SIGNIFICANT DEFICIENCY – INTERNAL CONTROLS OVER FINANCIAL REPORTING
(30000)**

Condition: The District did not accurately record necessary journal entries to reflect the issuance of Community Facilities District No. 1 2023 Special Tax Refunding Bonds. The aggregate amount of error in the entry totaled \$65,229,034 in the District's Mello-Roos Administrative Fund. The entry was double booked to principal payments and all other financing sources.

Recommendation: The District should update their internal control procedures for recording long-term liabilities, as necessary, to ensure that accounting and financial reporting for the issuance of refunded debt is reported, and is complete, accurate and appropriate.

Current Status: Implemented.

District Explanation if Not Implemented: N/A