

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS
June 30, 2025

ELK GROVE UNIFIED SCHOOL DISTRICT
Elk Grove, California

MEASURE M GENERAL OBLIGATION BONDS
June 30, 2025

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL SECTION:	
BALANCE SHEET	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE	4
NOTES TO FINANCIAL STATEMENTS	5
OTHER INDEPENDENT AUDITOR'S REPORTS:	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	8
FINDINGS AND RECOMMENDATIONS:	
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS	10
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS	11

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Measure M General Obligation Bonds (the "Bonds") activity of Elk Grove Unified School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the 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 financial position of the Measure M General Obligation Bonds activity, of Elk Grove Unified School District, as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial activity and balances of the Measure M General Obligation Bonds activity and do not purport to, and do not, present fairly the financial position of Elk Grove Unified School District as of June 30, 2025, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is 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)

Auditor's Responsibility 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 opinion. 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 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.

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.

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 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 for the Bonds activity. 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 District's internal control over financial reporting or on compliance for the Bonds activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Bonds activity.



Crowe LLP

Sacramento, California
December 19, 2025

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2025

ASSETS

Cash in County Treasury (Note 2)	\$ 62,497,398
Cash with Fiscal Agent – County Treasury (Note 2)	51,647,689
Receivables	1,535,949
Due from District (Note 3)	<u>253,655</u>
Total assets	<u>\$ 115,934,691</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 11,285,183
Due to District (Note 3)	<u>452,978</u>
Total liabilities	<u>11,738,161</u>
Fund balance – restricted (Note 4)	<u>104,196,530</u>
Total liabilities and fund balance	<u>\$ 115,934,691</u>

See accompanying notes to financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
For the Year Ended June 30, 2025

Revenues:	
Other local revenue	\$ 9,365,465
Expenditures:	
Current:	
Classified salaries	54,842
Employee benefits	5,702
Books and supplies	33,971
Contract services and operating expenditures	2,523,027
Capital outlay	<u>98,306,632</u>
Total expenditures	<u>100,924,174</u>
Deficiency of revenue under expenditures	<u>(91,558,709)</u>
Other financing sources:	
Transfers in	<u>21,082,917</u>
Net change in fund balance	<u>(70,475,792)</u>
Fund balance, July 1, 2024	<u>174,672,322</u>
Fund balance, June 30, 2025	<u>\$ 104,196,530</u>

See accompanying notes to financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Elk Grove Unified School District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education's *California School Accounting Manual*. The activities of the Measure M Bonds are recorded along with other activities in the District's Building Fund. 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 (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Measure M General Obligation Bonds, only. The activities of the Measure M General Obligation Bonds are recorded along with other activities in the District's Building Fund. These financial statements are not intended to present the financial position and results of operations of Elk Grove Unified School District as a whole.

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

The basic 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 within 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 of interest receivable. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2025.

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Accounting 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.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – CASH

Cash in County Treasury: 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 future bond project funded expenditures. 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.

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.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivable: Interfund receivable balance of \$253,655 at June 30, 2025 was due from other funds of the District.

Interfund Payable: Interfund payable balance of \$452,978 at June 30, 2025 was due to other funds of the District.

Transfers In: During the year ended June 30, 2025, the District transferred \$21,082,917 from the County School Facilities Fund to the Measure M Building Fund to account for receipt of Proposition 51 School Facilities Project grants.

Transfers Out: There were no transfers from the building fund during the year ended June 30, 2025.

NOTE 4 – FUND BALANCE CLASSIFICATION

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 are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure M General Obligation Bonds is restricted, as described below.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – FUND BALANCE CLASSIFICATION (Continued)

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.

NOTE 5 – PURPOSE OF BOND ISSUANCE

Bond Authorization: By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Elk Grove Unified School District shall be authorized to issue and sell bonds of up to \$476,000,000 in aggregate principal amount.

Purpose of Bonds: The proceeds of the Bonds may be used:

"To repair and modernize classrooms, fix deteriorating roofs, plumbing, and HVAC systems, improve student safety and campus security, construct and upgrade additional classrooms, labs, career technical education facilities and instructional technology to support student achievement in math, science, arts and skilled trades and keep up with growth and relieve overcrowding."

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

NOTE 6 – GENERAL OBLIGATION BOND ISSUANCES

The bonds are general obligations of the District, and Sacramento County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

Measure M: On May 12, 2017, the District issued General Obligation Bonds, Election of 2016, Series 2017, in the amount of \$82,100,000. Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Bonds bear interest at rates ranging from 3.0% to 5.0% and are scheduled to mature through August 1, 2046.

On February 5, 2019, the District issued General Obligation Bonds, Election of 2016, Series 2019, in the amount of \$121,000,000. Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Bonds bear interest at rates ranging from 3.0% to 5.0% and are scheduled to mature through August 1, 2048.

On April 6, 2021, the District issued General Obligation Bonds, Election of 2016, Series 2021, in the amount of \$140,500,000. Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Bonds bear interest at rates ranging from 2.0% to 5.0% and are scheduled to mature through August 1, 2045.

On June 14, 2023 the District issued General Obligation Bonds, Election of 2016, Series 2023, in the amount of \$132,400,000. Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Bonds bear interest at rates ranging from 4.0% to 6.0% and are scheduled to mature through August 1, 2045.

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 Measure M General Obligation Bonds (the "Bonds") activity of Elk Grove Unified School District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's Measure M General Obligation Bonds activity 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 Measure M General Obligation Bonds activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Measure M General Obligation Bonds activity financial statements are free from material misstatement, we performed tests of the District's 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*.

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

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2025

No matters were reported.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2025

No matters were reported.