

Elk Grove Unified School District



Citizens' Oversight Committee

Annual Reports: 2022-2023 and 2023-2024



- No Measure M dollars were expended to produce this publication. -



MEASURE M

Measure M

Citizens' Oversight Committee

ANNUAL REPORT

CITIZENS' OVERSIGHT COMMITTEE

Jason Hammond
President

Nicholas Arps
Vice President

Jerrel Bolds, Jr.

Joel Boyd

Joshua Green

Eric Walle

EGUSD BOARD OF EDUCATION

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President

Sean J. Yang
Vice President/Clerk

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Jennifer Ballerini

Susan Davis

Heidi Moore

Celine Qin
Student Board Member

EGUSD ADMINISTRATORS & STAFF

Christopher R. Hoffman
Superintendent

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

Amari Watkins
Chief Financial Officer

Susan Bell
Chief Facilities Officer

Hannah Dayton
Director, Planning

Pham Saechao
Manager, Planning

Michael Bean
Senior Construction Manager

Crystal Hoff
Facilities Accounting Manager

Darren Antonovich
*Committee Secretary
Facilities Outreach Coordinator*

February 18, 2025

To: The Board of Education and Citizens of Elk Grove Unified School District

The Measure M Citizens' Oversight Committee has a crucial responsibility to provide transparent communication about how bond funds are being used within the Elk Grove Unified School District. As members of this committee, we are proud to fulfill this role and share the annual report for the 2022–23 and 2023-24 Fiscal Years which covers the period from July 1, 2022, to June 30, 2024.

Formed in April 2017, the Committee was created after voters approved Measure M, a \$476 million general obligation bond intended to improve school facilities. Our primary task is to review and monitor all Measure M projects and financial records to ensure the funds are spent appropriately and in line with the bond's original purpose.

Over the course of this reporting period, significant progress was made in improving district facilities. Approximately \$51 million in FY 2022-23 and \$73 million in FY 2023-24 of Measure M funds were spent on improvements to existing school buildings and grounds.

The district's annual performance and financial audits (Exhibit 1) found no discrepancies or noncompliance with the terms of Proposition 39 or Measure M. The audits, carried out by Crowe LLP, confirmed that the district met its obligations as required by Article XIII A, Section 1(b)(3) of the California State Constitution.

The success of ensuring safe, modernized, and well-equipped facilities in the Elk Grove Unified School District is a collective effort supported by the community. We are deeply grateful for the partnership between the district and the voters in advancing Measure M projects.

Respectfully,

Jason Hammond
President, Measure M Citizens' Oversight Committee

Citizens' Oversight Committee Members

Jason Hammond

President

Parent/Guardian of a district student

Nicholas Arps

Vice President

Parent/Guardian of a district student, Member of the community at-large

Jerrel Bolds, Jr.

Parent/Guardian of a district student

Joel Boyd

Parent/Guardian of a district student, Parent-teacher organization representative

Joshua Green

Business organization representative, Member of a bona fide taxpayers' organization,
Member of the community at-large

Eric Walle

Member of a senior citizens' organization, Member of the community at-large

Vacant

Committee Meeting Dates

2022-2023

October 25, 2022

January 31, 2023

2023-2024

March 26, 2024

EGUSD Board of Education

Michael Vargas
Board President

Sean J. Yang
Board Vice President, Board Clerk

Beth Albiani

Jennifer Ballerini

Susan Davis

Heidi Moore

Vacant

Celine Qin
Student Board Member

Measure M Administrators

Christopher R. Hoffman
Superintendent

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

Amari Watkins
Chief Financial Officer

Susan Bell
Chief Facilities Officer

Hannah Dayton
Director, Planning

Pham Saechao
Manager, Planning

Michael Bean
Senior Construction Manager

Crystal Hoff
Facilities Accounting Manager

Darren Antonovich
Committee Secretary
Facilities Outreach Coordinator

Committee Activities

In accordance with Education Code Section 15278(b), the Measure M Citizens' Oversight Committee (COC) informs the public on the expenditure of Measure M bond revenues and monitors compliance with funding guidelines. The committee meets quarterly or as needed to review projects and costs. The committee reviews an annual, independent financial and performance audit of Measure M expenditures (Exhibit 1). During this reporting period, committee members provided continuing oversight of several comprehensive, multi-year modernization projects along with numerous classroom upgrade projects and multi-campus initiatives such as shade structure installations and security system upgrades.

To learn more about Measure M and the Facilities Master Plan, visit: measurem.egusd.net

Measure M Background

EGUSD is a growing, yet aging district, with many schools more than 40 years old. Several schools needed repairs and upgrades that far exceeded what the district's annual maintenance budget could achieve. To address this problem, more than 70% of voters living within EGUSD boundaries voted in support of passing the Measure M bond in November 2016.

Measure M has provided EGUSD students and the community with \$476 million to make critical improvements to existing school buildings and grounds. Aligned with the needs identified in the district's 2015 – 2025 [Facilities Master Plan](#), these improvements have ensured healthy and safe school environments geared toward 21st-century learning.

To maximize the reach of Measure M, EGUSD has also leveraged additional funding sources to complete construction projects. These sources included developer fees, statewide bond funds (such as CA Proposition 51 which funds new construction, modernization, and career and technical education (CTE) projects), and Proposition 39 funds.

Four Measure M bond sales have occurred to date:

<u>Date</u>	<u>Bond Sale Par Amount</u>
May 11, 2017	\$ 82,100,000
February 19, 2019	\$121,000,000
April 6, 2021	\$140,500,000
May 14, 2023	\$132,400,000

All financial reports can be found on the Elk Grove Unified School District Measure M Citizens' Oversight Committee Agenda and Minutes webpage at <https://blogs.egusd.net/measurem/about/citizens-oversight-committee/agendas-minutes/>.

Projects

<https://blogs.egusd.net/measurement/project-sites/>

Elementary Schools



Arthur C. Butler Elementary School –

Roofing

Campus-wide re-roofing with a new single-ply roofing system.

New roofing at Arthur C. Butler Elementary School.

Ellen Feickert Elementary School – Classroom Upgrades

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces, and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors, and frames; replacement of damaged hardware and window coverings. Classroom lighting was replaced with energy-efficient LED fixtures.

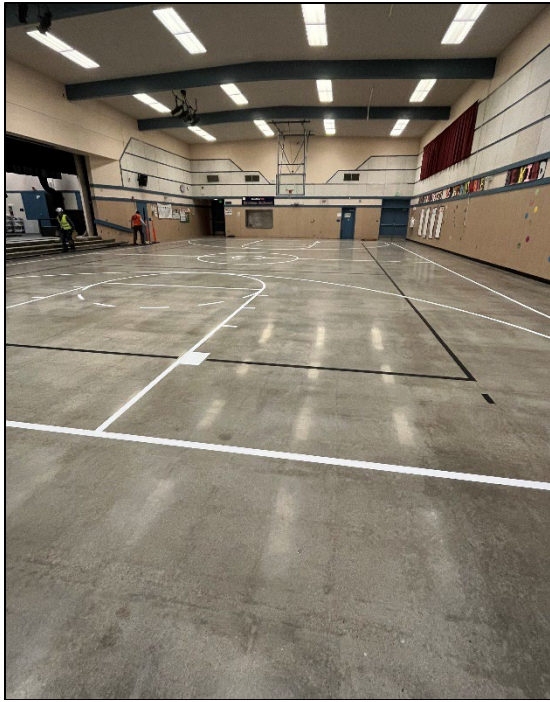
Florin Elementary School –

Classroom Upgrades

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces, and application of an accent band of acoustical panels in each classroom.



Office counter wrap at Florin Elementary School.



Multipurpose room flooring at Foulks Ranch Elementary School.

Foulks Ranch Elementary School – Classroom Upgrades

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware and window coverings.

Isabelle Jackson Elementary School – Classroom Upgrades, Outdoor Seating

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware and window coverings.

Samuel Kennedy Elementary School – Classroom Upgrades

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware and window coverings.



Classroom upgrades at Samuel Kennedy Elementary School.



New playground paving at Charles Mack Elementary School.

Charles Mack Elementary School – Classroom Upgrades, Exterior Lighting, Site Paving

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware and

window coverings. Classroom lighting was replaced with energy-efficient LED fixtures. In addition, new hardcourt paving was installed at the campus.

Florence Markofer Elementary School – Classroom Upgrades

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware and window coverings. Classroom lighting was replaced with energy-efficient LED fixtures.



Classroom upgrades at Florence Markofer Elementary School.

James McKee Elementary School – Classroom Upgrades

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware and window coverings. Classroom lighting was replaced with energy-efficient LED fixtures.



Exterior painting at James McKee Elementary School.

Prairie Elementary School – Classroom Upgrades

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware and window coverings. Classroom lighting was replaced with energy-efficient LED fixtures.

John Reith Elementary School – Classroom Upgrades

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware and window coverings. Classroom lighting was replaced with energy-efficient LED fixtures.

Joseph Sims Elementary School – Roofing

Single-ply roofing systems were installed on the library, administration building, kindergarten building, multi-purpose room, and Classrooms 1 through 16 and 28 through 31.



New playground equipment at Irene B. West Elementary School.

Irene B. West Elementary School – Playground

The Pre-K and Kindergarten area playground was refurbished, and new playground equipment was installed.

Secondary Schools

Cosumnes Oaks High School – CTE Patient Care Facility

The COHS CTE Medical Careers/Patient Care project included the site development and placement of a new two-classroom modular facility and the renovation of the existing “R-House” facility into a patient care clinic. The project was funded equally by a CTE grant and matching Measure M funds.



New classroom building at Elk Grove High School.

Elk Grove High School – Comprehensive Modernization, CTE Culinary Facility

Comprehensive modernization efforts at Elk Grove High School began with a Proposition 39 project that included the removal and replacement of existing HVAC equipment at facilities not slated for demolition/replacement. In addition to HVAC replacements, carbon monoxide sensors on buildings D, E, F, G, and the south gym along with new lighting in the main and auxiliary gymnasiums was completed. Additional work completed included extensive utility upgrades (primarily

electrical) and grading work for a new two-story, thirty-classroom building. The first new building to be added to the campus as part of the modernization included the new culinary facility that was funded in equal parts by Career Technical grant funds and Measure M.

Florin High School – CTE, Athletic Field Lighting

Florin High School received three Career Technical Education Grants so Measure M funding provided the match for each of the projects. The three projects included site development for the Agriculture facility, a new two-classroom facility, animal facility (barn), and open-air growing spaces; the Engineering Facility, a 4,800 square foot addition to the existing program; and a

new 6,300 square foot Culinary facility that includes two new kitchen studios, a demonstration classroom, offices and related spaces to support the program. New LED stadium lighting with reduced light pollution was added to the athletic fields. These lights enable outdoor evening activities while minimizing light spill into the surrounding neighborhoods.

Franklin High School – Athletic Field Lighting

New LED field lighting with reduced light pollution was added to the athletic fields. These lights enable outdoor evening activities while minimizing light spill into the surrounding neighborhoods.

Samuel Jackman Middle School – Classroom Upgrades

Upgrade of existing lighting in the main and auxiliary gymnasiums with energy-efficient fixtures and replacement of interior lighting campus-wide. Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames; replacement of damaged hardware, and window coverings. Classroom lighting was replaced with energy-efficient LED fixtures.



Classroom buildings being demolished at Joseph Kerr School.

Joseph Kerr Middle School –

Comprehensive Modernization

Campus-wide removal and replacement of existing roofing and HVAC equipment with associated plumbing and electrical work at buildings not slated for demolition/replacement was completed. The modernization efforts included the demolition of two classroom buildings to make way for new, modernized

buildings. Modernization of the Kerr Middle School campus included extensive underground infrastructure including fire, domestic, and irrigation water and storm drain lines as well as electrical service improvements. Improvements to the bus drop-off, parking, and student drop-off areas at the front of the campus were made along with ADA improvements between existing classroom facilities. The exterior of existing buildings was repaired and painted as needed to match the new science classroom and gym buildings. The library was improved with new lighting and furnishings along with Classroom upgrades that included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included painting and repair of interior walls, doors and frames; replacement of damaged hardware, and window coverings. Classroom lighting was replaced with energy-efficient LED fixtures.

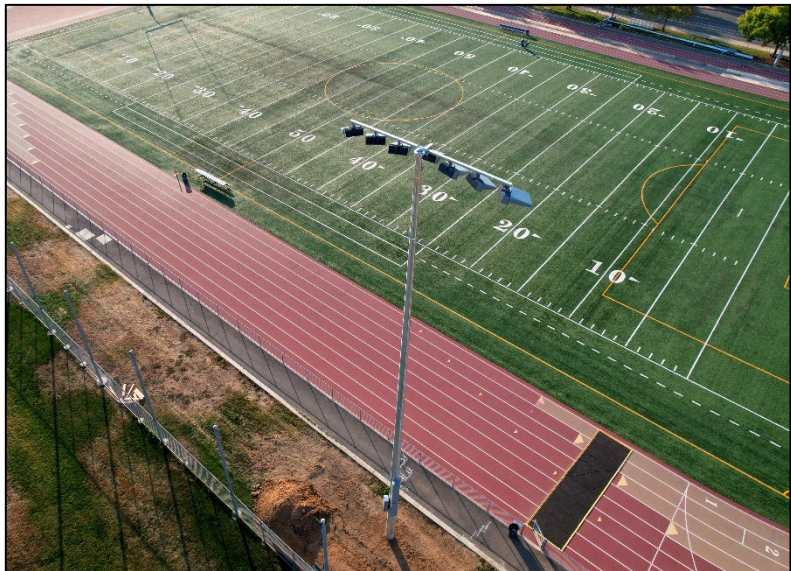
Laguna Creek High School – Athletic Field Lighting

New LED field lighting with reduced light pollution was added to the athletic fields. These lights enable outdoor evening activities while minimizing light spill into the surrounding neighborhoods.

Pleasant Grove High School –

Athletic Field Lighting

New LED field lighting with reduced light pollution was added to the athletic fields. These lights enable outdoor evening activities while minimizing light spill into the surrounding neighborhoods.



New athletic field lighting at Pleasant Grove High School.



New parking lot paving at James Rutter Middle School.

James Rutter Middle School

– Classroom Upgrades, Exterior Lighting, Site Paving

Classroom upgrades throughout the campus included new carpet, resilient flooring, deep cleaning or painting of vinyl wall surfaces and application of an accent band of acoustical panels in each classroom. Further improvements included exterior painting and repair and painting of interior walls, doors and frames. The site paving encompassed the parking lot and common areas as well as a

secure bike and parking facility. In addition, the front of the campus included new landscaping and entry features that provide a more welcoming area for students to wait during pickup and drop-off.

Sheldon High School – Campus-wide Upgrades

New LED light fixtures were installed at both gymnasiums, the multi-purpose building, and the exterior of buildings at Sheldon High School. In addition to the new lights, automatic lighting controls were installed to control the functions of the new gymnasium/multi-purpose building lighting as well as the exterior lighting. Prop 39 funds were used to replace all HVAC units except four (4) and in conjunction with the HVAC replacements, existing roofing was replaced with new cool roofing before installation of the new HVAC units. The modernization portion of the project includes classroom and program improvements, ADA improvements, and general repairs which are typical of all classroom upgrades. Other projects completed included a new animal facility and greenhouse.

Valley High School – Roofing, Athletic field Lighting

Campus-wide re-roofing with a new single-ply roofing system. Also, new LED field lighting with reduced light pollution was added to the athletic fields. These lights enable outdoor evening activities while minimizing light spill into the surrounding neighborhoods.

Alternative Schools



William Daylor High School – Classroom Upgrades
Electrical improvements were made to the school's woodshop classroom as well as exterior painting of the campus.

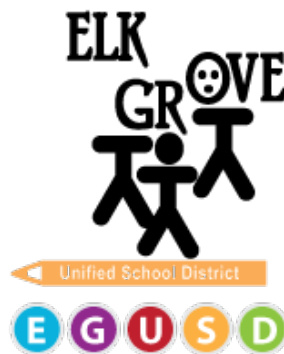
New electrical at William Daylor High School.

Shade Shelters

The District-wide shade shelter project which includes the installation of the outdoor structure along with any necessary accessibility improvements and concrete pads has been completed. This project has been completed.

Security Cameras

The District-wide security systems upgrade includes the installation of security cameras at all district properties. All district sites security systems have been upgraded, and this project has been completed.



Elk Grove Unified School District
9510 Elk Grove-Florin Road
Elk Grove, CA 95624
(916) 686-5085
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Exhibit 1

Measure M General Obligation Bond Financial Statements and Performance Audit

June 30, 2023

June 30, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS
June 30, 2023

ELK GROVE UNIFIED SCHOOL DISTRICT
Elk Grove, California
MEASURE M GENERAL OBLIGATION BONDS
June 30, 2023

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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***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, 2023, 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, 2023, 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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, 2023, 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.

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 January 8, 2024 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
January 8, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2023

ASSETS

Cash in County Treasury (Note 2)	\$ 11,317,280
Cash with Fiscal Agent – County Treasury (Note 2)	216,525,667
Receivables	415,844
Due from District (Note 3)	<u>98,043</u>
Total assets	<u>\$ 228,356,834</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 4,600,248
Due to District (Note 3)	<u>79,224</u>
Total liabilities	<u>4,679,472</u>
Fund balance – restricted (Note 4)	<u>223,677,362</u>
Total liabilities and fund balance	<u>\$ 228,356,834</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, 2023

Revenues:	
Other local revenue	\$ 3,657,741
Expenditures:	
Current:	
Classified salaries	77,881
Employee benefits	8,445
Books and supplies	16,135
Contract services and operating expenditures	984,039
Capital outlay	<u>50,259,492</u>
Total expenditures	<u>51,345,992</u>
Deficiency of revenue under expenditures	<u>(47,688,251)</u>
Other financing sources (uses):	
Transfers in	20,261,526
Transfers out	(9,157)
Proceeds from sale of bonds	<u>132,400,000</u>
Total other financing sources (uses)	<u>152,652,369</u>
Net change in fund balance	<u>104,964,118</u>
Fund balance, July 1, 2022	<u>118,713,244</u>
Fund balance, June 30, 2023	<u><u>\$ 223,677,362</u></u>

See accompanying notes to financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023.

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, 2023

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, 2023, 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, 2023 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 \$98,043 at June 30, 2023 was due from other funds of the District.

Interfund Payable: Interfund payable balance of \$79,224 at June 30, 2023 was due to other funds of the District.

Transfers In: During the year ended June 30, 2023 the District transferred \$20,261,526 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: During the year ended June 30, 2023 the District transferred \$9,157 from the Building Fund to the State School Facilities Fund to account for school project expenditures.

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, 2023

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, 2023, 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 January 8, 2024.

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.

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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and looping, and the "LLP" being written in a more compact, cursive style.

Crowe LLP

Sacramento, California
January 8, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2023

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, 2023

No matters were reported.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2023

ELK GROVE UNIFIED SCHOOL DISTRICT
Elk Grove, California

MEASURE M GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the Elk Grove Unified School District (the "District") Measure M General Obligation Bond funds for the year ended June 30, 2023.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure M General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Elk Grove Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Elk Grove Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Elk Grove Unified School District expended Measure M General Obligation Bond funds for the year ended June 30, 2023 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe LLP

Sacramento, California
January 8, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

ELK GROVE UNIFIED SCHOOL DISTRICT MEASURE M GENERAL OBLIGATION BONDS

On November 8, 2016, the electorate of Elk Grove Unified School District approved the \$476,000,000 Measure M General Obligation Bonds, with greater than 55% of the votes in favor. The summarized text of the ballot language was as follows:

"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."

All bond expenditures are subject to review by a Citizens' Oversight Committee which reports to the public, as provided in Education Code Section 15278 *et seq.*

The financial activity related to the Measure M General Obligation Bonds is recorded in the Building Fund in the District's audited financial statements.

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.

(Continued)

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

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.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
June 30, 2023

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure M General Obligation Bond funds for the year ended June 30, 2023 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure M General Obligation Bond project expenditures for the year ended June 30, 2023 (the "List"). A total of \$51,345,992 in expenditures and \$9,157 in transfers from July 1, 2022 through June 30, 2023 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure M General Obligation Bond project expenditures and transfers for the year ended June 30, 2023:

- Verified the mathematical accuracy of the List.
- Reconciled the list to total bond expenditures and transfers as reported by the District in the District's audited financial statements for the year ended June 30, 2023, presented as the Building Fund.
- Selected a sample of 56 payroll and non-payroll expenditures and one transfer totaling \$15,757,752 and \$3,607, respectively. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Elk Grove Unified School District expended Measure M General Obligation Bond funds for the year ended June 30, 2023 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS
June 30, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
Elk Grove, California
MEASURE M GENERAL OBLIGATION BONDS
June 30, 2024

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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***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, 2024, 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, 2024, 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, 2024, 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 12, 2024 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 12, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2024

ASSETS

Cash in County Treasury (Note 2)	\$ 36,735,269
Cash with Fiscal Agent – County Treasury (Note 2)	147,335,051
Receivables	2,292,454
Due from District (Note 3)	<u>231</u>
Total assets	<u>\$ 186,363,005</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 9,833,514
Due to District (Note 3)	<u>1,857,169</u>
Total liabilities	<u>11,690,683</u>
Fund balance – restricted (Note 4)	<u>174,672,322</u>
Total liabilities and fund balance	<u>\$ 186,363,005</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, 2024

Revenues:	
Other local revenue	\$ 9,490,880
Expenditures:	
Current:	
Classified salaries	88,803
Employee benefits	9,236
Books and supplies	7,025
Contract services and operating expenditures	136,702
Capital outlay	<u>72,805,607</u>
Total expenditures	<u>73,047,373</u>
Deficiency of revenue under expenditures	<u>(63,556,493)</u>
Other financing sources:	
Transfers in	<u>14,551,453</u>
Net change in fund balance	<u>(49,005,040)</u>
Fund balance, July 1, 2023	<u>223,677,362</u>
Fund balance, June 30, 2024	<u>\$ 174,672,322</u>

See accompanying notes to financial statements.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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, 2024.

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, 2024

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, 2024, 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, 2024 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 \$231 at June 30, 2024 was due from other funds of the District.

Interfund Payable: Interfund payable balance of \$1,857,169 at June 30, 2024 was due to other funds of the District.

Transfers In: During the year ended June 30, 2024, the District transferred \$14,551,453 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, 2024.

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, 2024

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, 2024, 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 12, 2024.

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 12, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2024

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, 2024

No matters were reported.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
Elk Grove, California
MEASURE M GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the Elk Grove Unified School District (the "District") Measure M General Obligation Bond funds for the year ended June 30, 2024.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure M General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Elk Grove Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Elk Grove Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Elk Grove Unified School District expended Measure M General Obligation Bond funds for the year ended June 30, 2024 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.


Crowe LLP

Sacramento, California
December 12, 2024

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

ELK GROVE UNIFIED SCHOOL DISTRICT MEASURE M GENERAL OBLIGATION BONDS

On November 8, 2016, the electorate of Elk Grove Unified School District approved the \$476,000,000 Measure M General Obligation Bonds, with greater than 55% of the votes in favor. The summarized text of the ballot language was as follows:

"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."

All bond expenditures are subject to review by a Citizens' Oversight Committee which reports to the public, as provided in Education Code Section 15278 *et seq.*

The financial activity related to the Measure M General Obligation Bonds is recorded in the Building Fund in the District's audited financial statements.

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.

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ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

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.

ELK GROVE UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
June 30, 2024

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure M General Obligation Bond funds for the year ended June 30, 2024 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure M General Obligation Bond project expenditures for the year ended June 30, 2024 (the "List"). A total of \$73,047,373 in expenditures from July 1, 2023 through June 30, 2024 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure M General Obligation Bond project expenditures and transfers for the year ended June 30, 2024:

- Verified the mathematical accuracy of the List.
- Reconciled the list to total bond expenditures and transfers as reported by the District in the District's audited financial statements for the year ended June 30, 2024, presented as the Building Fund.
- Selected a sample of 60 payroll and non-payroll expenditures totaling \$43,493 and \$29,328,422 respectively. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented approximately 40% of the total expenditure value. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Elk Grove Unified School District expended Measure M General Obligation Bond funds for the year ended June 30, 2024 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.