MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT

June 30, 2025

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mount Pleasant Elementary School District
San Jose, California

We have conducted a performance audit of the Mount Pleasant Elementary School District Measure Q General Obligation Bond funds for the period ended June 30, 2025.

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 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure Q General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIIIA of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Mount Pleasant Elementary 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 Mount Pleasant Elementary 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 XIIIA 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 ofour procedures indicated that, in all significant respects, Mount Pleasant Elementary School District expended Measure Q General Obligation Bond funds for the period ended June 30, 2025 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIIIA of the California Constitution.

Crowe LLP

Crowe LLP

Sacramento, California
December 15, 2025

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, community college districts, or county offices of education, "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.

MOUNT PLEASANT ELEMENTARY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, MEASURE Q

The Mount Pleasant Elementary School District, Santa Clara County, California Election of 2018 General Obligation Bonds, Measure Q were authorized at an election of the registered voters of the Mount Pleasant Elementary School District held on November 3, 2020, at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of $12,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the addition and modernization of certain District facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The summarized text of the ballot language was as follows:

> *"To acquire equipment/instructional technology to improve distance learning and internet access; renovate heating/cooling systems, aging restrooms; upgrade school emergency preparedness, outdated electrical wiring, handicapped accessibility; acquire, renovate, construct classrooms, equipment, sites and facilities, shall Mt. Pleasant Elementary School District's measure authorizing $12,000,000 in bonds at legal rates, levying 3 cents/$100 assessed value, $975,000 annually while bonds are outstanding, with independent citizen oversight, no money for administrators' salaries, pensions or benefits, and all money benefiting local schools?"*

The financial activity related to the Measure Q General Obligation Bonds is recorded in the Fund 21 (Building Fund) in the District's audited financial statements.

On July 7, 2021, the District issued General Obligation Bonds (Series A) totaling of $5,800,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 2.125% to 2.250% and mature during succeeding years through August 2046.

On October 5, 2023, the District issued General Obligation Bonds (Series B) totaling of $6,200,000 to finance the repair, modernization, acquisition, construction and equipping the District site and facilities. The Current Interest Bonds bear interest at rates ranging from 5.00% to 5.25% and mature during succeeding years through August 2044.

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure Q General Obligation Bond funds for the period ended June 30, 2025 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, 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 Q General Obligation Bond project expenditures for the period ended June 30, 2025 (the "List"). A total of $3,113,783 in expenditures from July 1, 2024 through June 30, 2025 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure Q General Obligation Bond project expenditures for the period ended June 30, 2025:

- Verified the mathematical accuracy of the List.
- Reconciled the List of Bond expenditures and transfers to total expenditures and transfers as reported by the District in the District's Measure Q General Obligation Bonds audited financial statements for the period ended June 30, 2025.
- Selected a sample of 25 expenditure totaling $2,574,794 and representing approximately 85% of the non-payroll expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for the approved projects developed by the District's Board of Trustees.
- Selected a sample of 11 expenditures totaling $27,226 and representing approximately 31% of total payroll expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for the approved projects developed by the District's Board of Trustees.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Mount Pleasant Elementary School District expended Measure Q General Obligation Bond funds for the year ended June 30, 2025, only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIIIA of the California Constitution.