

**GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P
GENERAL OBLIGATION BOND
BUILDING FUND**

**COUNTY OF SANTA CLARA
GILROY, CALIFORNIA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to the Financial Statements	6
SUPPLEMENTARY INFORMATION	
Full Text of Bond Measure P	15
OTHER INDEPENDENT AUDITOR'S REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22
Independent Auditor's Report on 2008 Measure P Bond Performance	24



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee
and Governing Board
Gilroy Unified School District
Gilroy, California

Report on the Audit of the Financial Statements

Opinions

We have audited the Statement of Net Position of Gilroy Unified School District (the District), 2008 Measure P General Obligation Bond Fund (the Fund), and the related statement of revenues, expenditures, and changes in fund balance as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the fund financial statements referred to above present fairly, in all material respects, the financial position of the Gilroy Unified School District 2008 Measure P General Obligation Bond Fund (the Fund) as of June 30, 2025, and the results of its operations the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

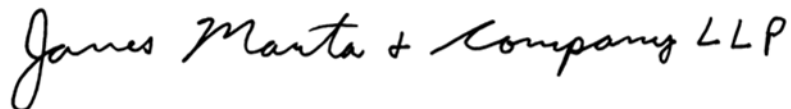
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

As discussed in Note 1, the financial statements referred to above present only the individual 2008 Measure P General Obligation Bond Building Fund and are not intended to present fairly the financial position and results of operations of the District in conformity with generally accepted accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 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. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 7, 2025

BASIC FINANCIAL STATEMENTS

GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND
BALANCE SHEET
JUNE 30, 2025

ASSETS

Cash and Cash Equivalents	\$ (3,832)
Accounts Receivable	<u>4,774</u>
Total Assets	<u><u>\$ 942</u></u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts Payable	<u>\$ 375</u>
Total Liabilities	<u>375</u>
Fund Balance	
Restricted for Measure P Projects	<u>567</u>
Total Liabilities and Fund Balance	<u><u>\$ 942</u></u>

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

REVENUES

Other Local Revenue	\$ 34,188
Total Revenues	<u>34,188</u>

EXPENDITURES

Classified Salaries	182,879
Employee Benefits	89,328
Service & Other Operating Expenditures	32,139
Capital Outlay	<u>476,843</u>
Total Expenditures	<u>785,631</u>
Net Change in Fund Balance	(751,443)
Beginning Fund Balance	<u>752,010</u>
Ending Fund Balance	<u><u>\$ 567</u></u>

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accounting policies of the 2008 Measure P General Obligation Bond Fund (the Fund) of the Gilroy Unified School District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

The Gilroy Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a seven-member Governing Board elected by registered voters of the District, which comprises an area in Santa Clara County. The District was established in 1966 and serves students in grades Transitional Kindergarten through twelve.

On November 4, 2008, the voters of the District approved by a margin of 67.58% Measure P, authorizing the issuance of \$150,000,000 of general obligation bonds to establish upgrade instructional classrooms, replace worn, aging roofs, convert obsolete facilities into additional classroom space, upgrade electrical and energy management systems to improve efficiency and repair, construct, equip or upgrade school facilities. Because the Bond required only 55% of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizen's bond oversight committee and to conduct a financial and performance audit.

On March 12, 2009, the District issued the first series of bonds in the amount of \$49,986,615. On April 29, 2010, the District Issued \$44,996,556. On June 1, 2011, the District issued \$10,000,000. On February 3, 2015, the District issued Series 2015 for \$15,000,000. On May 14, 2019, the District issued Series 2019 for \$28,955,000. The issuances were used to finance the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith. Subsequent to the Series 2019 issuance, all general obligation bonds associated with the Measure P authorization have been issued.

The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

The fund financial statements presented are for the Measure P General Obligation Bond Building Fund. Since this is just one component of the District, these financial statements are not intended to be a complete presentation of the District's financial position or results of operations. Accordingly, these fund statements do not include a government wide financial statement, management discussion and analysis or related organizational disclosures. The audited financial statements of Gilroy Unified School District include the Measure P General Obligation Bond Building Fund activities, related debt and disclosures as well as management's discussion and analysis.

GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

B. FUND ACCOUNTING

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

The proceeds from the sale of general obligation bonds and the subsequent expenditure of the bond funds are accounted for in the Building fund of the District. Any premium received from the sale of the bonds is deposited in the Bond and Interest Redemption fund of the District. The Measure P Bond Building Fund forms part and not all of the net financial position in the District's Building Fund which contains other sources of funding.

C. ACCOUNTING POLICIES

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

E. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

F. ENCUMBRANCES

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

G. DEPOSITS AND INVESTMENTS

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

H. CAPITAL AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Building Fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and liabilities are generally included on the balance sheet.

The reported fund balances are considered a measure of "available spendable resources". Thus, the capital assets and long-term liabilities associated with the Measure P General Obligation Bond Building Fund are accounted for in the basic financial statements of the District.

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. FUND BALANCE – GOVERNMENTAL FUNDS

As of June 30, 2025, fund balances of the 2008 Measure P General Obligation Bond Building Fund are classified as restricted. Restricted funds can only be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2025 consist of cash in the county treasury in the amount of (\$3,832).

A. Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement 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 in County Treasury consists of District cash held by the Santa Clara County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 415 days. The pool is rated AAA by Standard and Poor's.

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). Cash in County Treasury consists of District cash held by the Santa Clara County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

B. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the Fund's investments to market interest rate fluctuations is provided by the schedule below, which also shows the distinction of the Fund's investments by maturity:

	Reported Amount	Fair Value	Maturity
Cash in county treasury	\$ (4,400)	\$ (3,832)	415

GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

3. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. the 2008 Measure P General Obligation Bond Building Fund had no interfund balance as of June 30, 2025.

4. 2008 MEASURE P GENERAL OBLIGATION BONDS

The authorized issuance amount of the bonds is \$150,000,000. On March 12, 2009, the District issued the first series of bonds in the amount of \$49,986,615. The sources and uses of funds are detailed below.

Sources of Funds

Principal Amount of Bonds	\$ 47,635,000
Denominational Capital Appreciation Bonds	2,351,615
Original Issuance Premium	<u>7,610,209</u>
Total Sources	<u>\$ 57,596,824</u>

Uses of Funds

Deposited to Building Fund	\$ 49,986,615
Deposited to Bond Interest and Redemption Fund	5,887,986
Cost of Issuance	<u>1,722,223</u>
	<u>\$ 57,596,824</u>

GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

4. 2008 MEASURE P GENERAL OBLIGATION BONDS (CONTINUED)

On April 29, 2010, the District issued a Bond Anticipation Note in the amount of \$44,996,556. The sources and uses of funds are detailed below.

The proceeds of the Bonds were applied as follows:

Sources of Funds

Principal Amount of Notes	\$ 44,996,556
Net Original Issue Premium	4,798,325
Total Sources	\$ 49,794,881

Uses of Funds

Deposited to Building Fund	\$ 44,996,556
Deposited to Bond Interest and Redemption Fund	4,367,267
Cost of Issuance	431,058
Total Sources	\$ 49,794,881

On June 1, 2011, the District issued another Bond Anticipation Note in the amount of \$15,385,000. The sources and uses of funds are detailed below.

Sources of Funds

Principal Amount of Notes	\$ 15,385,000
Original Issue Discount	111,849
Other Funds	689,373
Total Sources	\$ 16,186,222

Uses of Funds

Deposited to Escrow Fund	\$ 5,658,319
Deposited to Building Fund	10,000,000
Deposit to Subsidy Reserve Fund	304,623
Cost of Issuance	115,585
Underwriters Discount	107,695
Total Sources	\$ 16,186,222

GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

4. 2008 MEASURE P GENERAL OBLIGATION BONDS (CONTINUED)

On February 3, 2015, the District issued Series 2015 for \$30,385,000; \$15,385,000 to refund the Bond Anticipation Note and \$15,000,000 in new money. The sources and uses of funds are detailed below.

Sources of Funds

Principal Amount of New Money Bonds	\$ 30,385,000
Original Issue Premium	1,088,616
Total Sources	<u>\$ 31,473,616</u>

Uses of Funds

Deposited to Building Fund	\$ 15,000,000
Deposit of Interest and Sinking Fund	441,903
Payment of Series 2011 notes	15,689,623
Cost of Issuance	197,761
Underwriters Discount	144,329
	<u>\$ 31,473,616</u>

On May 14, 2019, the District issued Series 2019 in the amount of 28,955,000. The sources and uses of funds are detailed below.

Sources of Funds

Principal Amount of Bonds	\$ 28,955,000
Net Original Issue Premium	1,800,291
Total Sources	<u>\$ 30,755,291</u>

Uses of Funds

Deposited to Building Fund	\$ 28,955,000
Deposited to Bond Interest and Redemption Fund	1,514,471
Costs of Issuance	170,000
Underwriter's Discount	115,820
	<u>\$ 30,755,291</u>

GILROY UNIFIED SCHOOL DISTRICT
2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

5. COMMITMENTS AND CONTINGENCIES

As of June 30, 2025, the Building Fund did not have any unfinished projects for Measure P.

6. SUBSEQUENT EVENTS

The District's management evaluated its June 30, 2025 financial statements for subsequent events through November 7, 2025, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

FULL TEXT OF BOND MEASURE

This Proposition may be known and referred to as the "Gilroy Community School Improvement Bond of 2008" or as "Measure P".

FINDINGS

The Gilroy Unified School District (the "District"), which serves the City of Gilroy and portions of unincorporated Santa Clara County, is recognized as providing quality education to Gilroy students. Since 1998, 2 of the District's 13 schools have been recognized as California Distinguished Schools, and Mount Madonna High School has been recognized as a Model Continuation High School.

The District has demonstrated its commitment to fiscal responsibility. This is evidenced by its development of a balanced budget with a reserve that exceeds state requirements and its commitment to providing quality education for the children the District serves.

The District has grown by an average of 168 students per year over the past 10 years. Gilroy High School was built for 1,800 students. Presently, 2,500 students are on the campus. In order to alleviate overcrowding at Gilroy High School, it is necessary to complete Christopher High School. Approximately \$35 million will be needed to complete Phase One of Christopher High School, and an additional \$65 million will be needed to complete Phase Two. The proposed bond funds are projected to be sufficient to complete both phases of Christopher High School.

The Board has prepared an extensive facilities plan and identified significant repairs, upgrades, and classroom construction needs at all existing schools. These projects include constructing and modernizing aging classrooms, libraries, increasing school safety by upgrading fire safety and security systems and upgrading electrical, heating, ventilation, roofing, plumbing, and technology systems and equipment. These projects are more than the District is able to fund from currently available sources or annual revenues.

The District has sought, and continues to seek and maximize all available outside sources of funding to improve our school buildings, including developer fees, local, state, and federal grants and State bond funds. It is necessary to seek voter approval of a bond measure in order to provide the local funding to complete Christopher High School and address identified school facility repair and upgrade and construction projects.

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Gilroy Unified School District shall be authorized to issue and sell bonds of up to \$150,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List below, and in order to qualify to receive State facility grant funds, subject to all of the accountability safeguards specified below.

Proceeds from the sale of bonds authorized by this proposition shall be used only 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, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to the bond projects.

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

FULL TEXT OF BOND MEASURE

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the Gilroy Unified School District's voters and taxpayers may be assured that their money will be spent wisely to address specific facilities needs of the Gilroy Unified School District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

Evaluation of Needs. The Board of Education has prepared an updated facilities plan in order to evaluate and address all of the facilities needs of the Gilroy Unified School District at each campus and facility, and to determine which projects to finance from a local bond at this time. The Board of Education hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Independent Citizens' Oversight Committee. The Board of Education shall establish an independent Citizens' Oversight Committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are spent only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board of Education.

Annual Performance Audits. The Board of Education shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List.

Annual Financial Audits. The Board of Education shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board of Education shall take actions necessary pursuant to Government Code Section 53410 and following to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent of the District shall cause a report to be filed with the Board no later than December 31 of each year, commencing December 31, 2009, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

TAX RATE STATEMENT

The District is required by law to make its best estimates of the ad valorem property tax rate required to be levied on all taxable property in the District to pay debt service on the proposed bonds. Based on historical assessed value data and certain assumptions about future growth in assessed values and how, when and at what cost the bonds will be issued, the District estimates that the tax rate necessary to pay debt service on the proposed bonds will be lower in each year the bonds are outstanding than the total tax rate levied to repay the District's school facilities bonds and lease obligations in the current (2007-08) fiscal year. In order to lower the total tax rate, the District proposes to structure the bonds to require no tax levy until the District's existing Measure J tax expires in 2010-11.

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

FULL TEXT OF BOND MEASURE

The District's tax rate estimates appear in the Tax Rate Statement that the Registrar is required to provide in the Voter Information Pamphlet mailed to voters in connection with the election.

FURTHER SPECIFICATIONS

Specific Purposes. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and shall constitute the specific purposes of the bonds, and proceeds of the bonds shall be spent only for such purposes, pursuant to Government Code Section 53410.

Joint Use. The District may enter into agreements with other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board of Education shall determine.

Other Terms of the Bonds. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum, payable at the time or times permitted by law. The bonds may be issued and sold in several series, and no bond shall be made to mature more than 40 years from the date borne by that bond.

BOND PROJECT LIST

The Bond Project List below describes the specific projects the Gilroy Unified School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at a particular school or support service site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are known, the Board of Education cannot determine the amount of bond proceeds available to be spent on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Completion of some projects may be subject to further government approvals by State officials and boards, to local environmental review, and to input from the public. For these reasons, inclusion of a project on the Bond Project List is not a guarantee that the project will be funded or completed. The Board of Education may make changes to the Bond Project List in the future consistent with the projects specified in the proposition.

Unless otherwise noted, the following projects are authorized to be completed at each or any of the District's school and support services sites. District school sites are:

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

FULL TEXT OF BOND MEASURE

Elementary Schools

Antonio Del Buono, 9300 Wren Ave.
Eliot, 470 Seventh St.
El Roble, 930 Third St.
Glen View, 600 Eighth St.
Las Animas, 6550 Cimino St.
Luigi Aprea, 9225 Calle del Rey
Rod Kelley, 8755 Kern Ave.
Rucker, 325 Santa Clara Ave.

Middle Schools

Ascencion Solorsano, 7121 Grenache Way
Brownell, 7800 Carmel St.
South Valley, 385 I.O.O.F Ave.

High Schools

Christopher High, 850 Day Rd.
Gilroy High/Advance Path 750 W.10th St.
Gilroy High School Farm, 9110 Kern Ave.
Mt. Madonna. 8750 Hirasaki Ct.

Other Facilities

Community Day School, 385 I.O.O.F Ave.
Corporation Yard. 240 Swanston Ln.
Transportation Facility, 6478 Chestnut, #2
District Office, 7810 Arroyo Cir.
El Portal Leadership Academy, 240 Swanston Ln.
Gilroy Early College Academy, 5055 Santa Teresa Blvd.

CHRISTOPHER HIGH SCHOOL COMPLETION

Complete the construction of Christopher High School as designed and approved by the Board of Education, including construction, furnishing and equipping of all classroom, auxiliary and support buildings, and improvement of grounds.

MODERNIZATION, REPAIR and CONSTRUCTION

- Replace, upgrade and/or install fire safety and life safety systems, including alarms, smoke/fire detection systems, and sprinklers
- Construct career vocation/technical and agricultural education classrooms and facilities to prepare students for jobs after graduation
- Upgrade/install school-wide and District-wide security systems, clock and bell systems, public address, etc., including alarms, security cameras, exterior and school site lighting, locks, monitoring systems, fencing, etc.

GILROY UNIFIED SCHOOL DISTRICT

2008 MEASURE P GENERAL OBLIGATION BOND BUILDING FUND

FULL TEXT OF BOND MEASURE

- Construct new permanent classrooms and classroom buildings and support facilities, or acquire and install relocatable classrooms to accommodate enrollment growth and expanded programs
- Upgrade and expand schools libraries as necessary to accommodate enrollment and curriculum requirements (may be joint-use projects)
- Construct/provide science classrooms and labs equipped to meet all curriculum and safety standards
- Upgrade and/or expand school cafeteria/multipurpose rooms to accommodate enrollment (may be joint-use projects)
- Upgrade electrical systems as well as main power service and distribution, which may include active and passive solar power and heating system acquisition, installation and construction
- Upgrade climate control systems for heating, ventilation, cooling/air conditioning, including alternative and passive technologies to conserve energy, such as energy-efficient windows, window coverings and shade control, shade canopies, etc.
- Construct or install improvements required to comply with access requirements of the Americans with Disabilities Act (ADA), and existing state and local building codes, including upgrade, modify, or construct restroom facilities, ramps, doors, parking, etc.
- Reimburse other District funds for costs of authorized projects incurred prior to the election
- Upgrade/install voice and data communications systems, including network and electrical infrastructure to accommodate technology upgrades
- Repair, modify, upgrade or reconstruct structural elements of existing campus structures
- Refinish the exterior finishes of school buildings, including stucco, wood and metal trims, framing and siding, paint, etc.
- Replace doors and door hardware, including install safety/security locks
- Upgrade and expand parking and vehicle access to school sites, including off-street parking areas, pickup/drop-off, ingress/egress, signage, etc. to improve student, staff and community safety
- Upgrade, repair, replace, modify or construct site improvements, paths, sidewalks and walkways, canopies, exterior shade structures, landscaping improvements, irrigation and drainage, etc.
- Renovate, improve, repair or install playgrounds, hard courts, athletic play fields, tracks and turf, including new synthetic fields, including irrigation and drainage, bleachers, lighting, fencing, etc., and field equipment and facilities (including nets, basketball standards, goals and goalposts, backstops, storage) to allow greater use of school facilities and improve safety
- Upgrade classroom and other facility interiors, including floor and ceiling finishes, carpeting, windows, cabinets and casework, replace, install or construct interior walls, and equipment attached to wall surfaces (including white boards, marker boards, tack boards, television mounts, scoreboards, lockers and storage, fire extinguishers, safety equipment, kitchen cabinets/equipment, etc.)
- Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements, or execute purchase option under a lease for any of these authorized

GILROY UNIFIED SCHOOL DISTRICT

2008 MEASURE P GENERAL OBLIGATION BOND BUILDING FUND

FULL TEXT OF BOND MEASURE

facilities, or acquire any other facilities the District is currently leasing or financing through lease-leaseback or sale-leaseback

- If and as the need arises, and to the extent the Board of Education determines that bond funds are available for the purpose, acquisition of land and other interests in real property for additional school buildings and other District facilities, and construction of those facilities
- Construct new gymnasiums and multi-purpose buildings, for instructional and physical education and recreational uses (may be joint-use projects)
- Upgrade and renovate kitchens, and acquire and install food preparation equipment and fixtures
- Construct, repair, replace or modify roofs or portions of roofs to extend the useful life of school facilities
- Replace, repair or upgrade aging and/or inadequate plumbing, piping and drainage systems, including water supply, meters, water heating, and wastewater systems, plumbing fixtures and sinks, etc., within buildings and sites and to connect with city supply and drainage systems

ALL PROJECTS - ADDITIONAL NECESSARY AND INCIDENTAL WORK

Each project listed is assumed to include its share of costs of the election and bond issuance and other construction-related costs, such as construction management, architectural, engineering, inspection and other planning costs, legal, accounting and similar fees, independent annual financial and performance audits, a customary construction contingency, and other costs incidental to and necessary for completion of the listed projects (whether work is performed by the District or by third parties), including:

- Remove, dispose of, and otherwise remediate hazardous materials, including asbestos, lead, etc., where necessary
- Address unforeseen conditions revealed by construction/ modernization (including plumbing or gas line breaks, dry rot, seismic, structural, etc.)
- Site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, demolition of existing structures, removing, replacing, or installing irrigation and drainage, utility lines (such as gas lines, water lines, electrical lines, sewer lines, and communication lines), trees and landscaping, relocating fire access roads, traffic lights and mitigation, and acquiring any necessary easements, licenses, or rights of way to the property
- Rental or construction of storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction
- Furnishing and equipping of existing and newly constructed, modernized or rehabilitated classrooms and facilities on an ongoing basis, including to replace worn, broken, or out-of-date furniture and equipment for all classrooms, athletic facilities and other facilities, as needed

GILROY UNIFIED SCHOOL DISTRICT

**2008 MEASURE P GENERAL OBLIGATION BOND
BUILDING FUND**

FULL TEXT OF BOND MEASURE

- Replace existing or acquire new computers, technology and related equipment on an ongoing basis, as needed and as funds are available

For any project involving renovation, modernization, remodeling or rehabilitation of a building or the major portion of a building, the District may proceed with new replacement construction instead (including any necessary demolition), if the Board of Education determines that replacement and new construction is more practical than rehabilitation and renovation, considering the building's age, condition, expected remaining life, comparative cost, and other relevant factors.

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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***

INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee
and Governing Board
Gilroy Unified School District
Gilroy, 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 fund financial statements of the 2008 Measure P General Obligation Bond Building Fund of Gilroy 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 2008 Measure P General Obligation Bond Building Fund's fund financial statements, and have issued our report thereon dated November 7, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 2008 Measure P General Obligation Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the 2008 Measure P General Obligation Bond Building Fund'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.

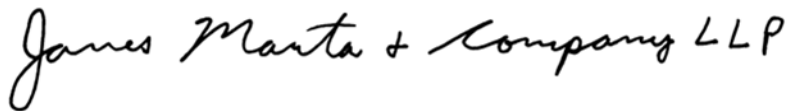
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 2008 Measure P General Obligation Bond Building Fund's fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. This report is intended solely for the information and use of management, and the Citizen's Oversight Committee and Governing Board of Gilroy Unified School District, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 7, 2025



James Marta & Company

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**INDEPENDENT AUDITOR'S REPORT
ON MEASURE P BOND PERFORMANCE**

Citizen's Oversight Committee
and Governing Board
Gilroy Unified School District
Gilroy, California

We have audited the financial statements of the 2008 Measure P General Obligation Bond Building Fund of the Gilroy Unified School District (the "District") as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated November 7, 2025. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Management's Responsibility

The design, implementation and maintenance of internal controls relevant to the financial process and compliance with the requirements of state laws and regulations is the responsibility of management.

Our responsibility is to determine that the District complied with the 2008 Measure P General Obligation Bonds in accordance with Appendix A of the 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Appendix A of the 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objects. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The results of the procedures performed indicate that the District complied with the requirements identified in Appendix A of the K-12 Local Education Agencies and State Compliance Reporting for the 2008 Measure P General Obligation Bond funds for the year ended June 30, 2025.

Objectives

The objectives of our performance audit was to determine that the District expended the 2008 Measure P General Obligation Bond funds for the year ended June 30, 2025 only for purposes approved by voters and only for specific projects adopted by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C.

Scope of the Audit

The scope of our performance audit covered the fiscal year ended June 30, 2025. The expenditures included all account and project codes associated with the bond projects. Expenditures before July 1, 2024 and after June 30, 2025 were not reviewed as they were not within the scope of our audit.

Methodology

1. We obtained the general ledger for the fiscal year ended June 30, 2025.
2. We selected expenditures to ensure compliance with Proposition 39 and 2008 Measure P General Obligation Bond funding.
3. We verified the mathematical accuracy of the expenditures included in the 2008 Measure P General Obligation Bond Fund detailed general ledger for the fiscal year ended June 30, 2025.
4. We verified that the funds were generally expended for the construction, renovation, furnishing and equipping of school facilities constituting authorized bond projects.
5. Solely to assist us in planning and completing our performance audit, we obtained an understanding of the internal controls of the District.
6. We selected a sample of bond expenditures and performed the following:
 - a. Reviewed the invoices, contracts, warrant copies and other supporting documents to verify the funds were spent in accordance with list of projects defined in the full Measure P bond text.
 - b. For any expenditures that were subject to the bid process, we reviewed supporting documentation to verify that all applicable bid process requirements were satisfied.
 - c. We verified that any change orders for the selected projects were approved by the Board of Trustees.

Conclusion

Based on the procedures performed, we found that the Gilroy Unified School District has properly accounted for the expenditures of 2008 Measure P General Obligation Bond Fund. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District's compliance with specific requirements.

Purpose of this Report

The purpose of this report is solely to describe the scope of our performance audit and the results of that testing. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's compliance. This report is intended solely for the information and use of management and Governing Board of Gilroy Unified School District, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 7, 2025