

FOURTH ANNUAL REPORT TO THE COMMUNITY

July 1, 2017 – June 30, 2018

This is the fourth annual report to the community by the Citizens' Oversight Committee (COC) concerning the status of the school improvement bond measure approved by Eureka voters in November 2014. Bond Measure S authorized \$49.75 million for the district's pre-school, elementary, middle and high schools. Pursuant to state law, the Eureka City Schools' Governing Board appointed a Citizens' Oversight Committee, an independent committee representing various segments of the community, to inform the public regarding bond construction projects and their costs, to ensure the projects are within the scope of the bond measures and that no bond proceeds are used for any teacher or administrative salaries or other operating costs, and to present to the Board of Trustees a written report which summarizes the Committee's proceedings and activities for the preceding year, and includes a statement indicating whether the District is in compliance with requirements of Article XIII A, Section I(b)(3) of the California Constitution.

Committee Activities

The committee met four times during the year at its regularly scheduled quarterly meetings. Standing meeting topics include reviewing quarterly and annual financial reports and receiving updates on progress of bond projects. The committee members also conducted site tours to the Eureka High School Music Building and Alice Birney and Lafayette Elementary campuses. The visits were featured as part of select quarterly meetings to provide committee members a firsthand view of various completed and in-progress bond projects.

Project Report

In the year ended June 30, 2018, a total of \$4,146,269 was expended for projects related to Bond measure S for Eureka City Schools. This brings total bond expenditures since the inception of the bond program to \$10,058,260.

Some of the projects completed during the year include construction of the new parking lots and student and bus drop-off zones at Alice Birney Elementary and Lafayette Elementary, and reconfiguration and safety enhancements to the S Street entrance to Zane Middle School. Other completed projects include modernization of the newly christened Don Moehnke Music Building at Eureka High School, installation of security cameras and Public Announcement bell and clock systems at Winship and Zane Middle Schools, and classroom modernizations at various campuses across the district.

Projects underway include construction of the student and bus drop-off zones at Washington Elementary. A number of other projects, including the Eureka High School Gymnasium and the Ag Complex, modernizations of the parent and community reception areas and nurses' offices at Alice Birney Elementary and Lafayette Elementary, and the new parking lot and student and bus drop-off zones at Grant Elementary, are either in development or in the planning stages.

Bond Sale

The authorized issuance amount of the Measure S General Obligation Bonds Series 2015 is \$49,750,000. The first series of bonds in the amount of \$25,000,000 was issued in August 2015. Total Building Fund balances as of June 30, 2016, were \$15,623,691.

Additional Revenues

In addition to providing support for facility construction and modernization efforts, the bond funds also qualify the district for state matching funds. During 2017/18, the district received \$364,590 in state matching funds through new bond authority that was approved by the California electorate in November 2016. Eureka City Schools continues to follow the required state guidelines for its bond projects in order to remain eligible for matching funds.

Findings and Conclusion

The firm of James Marta & Company LLP of Sacramento, California, conducted independent performance and financial audits. The objective of the performance audit was to determine with reasonable assurance that “the proceeds of the sale of Measure S General Obligation bonds were only used for the purposes set forth in the ballot language and not for any other purpose”. In the opinion of the auditing firm, “the District complied with the requirements of the Measure S General Obligations Bonds Building Funds proceeds listed and tested above”.

James Marta & Company further opined that the fund financial statements “present fairly, in all material respects, the financial position of the Eureka City Unified School District Measure S Obligation Bond Series 2015 Building Fund as of June 30, 2018 and the results of its operations the year then ended in conformity with accounting principles generally accepted in the United States of America.” Further, the auditing firm stated “The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.”

The Citizens’ Oversight Committee believes, based on the opinion expressed by the auditing firm of James Marta & Company LLP, that Measure S proceeds have been properly expended only for the purposes set forth in the Bond measure.

Respectfully submitted by the Citizens’ Oversight Committee Members:

Denise Jones, Chair (Senior Citizens Organization)

Greg Burger (School District/Parent-Teacher Organization)

Syn-dee Noel (At-large)

Jason Mayhorn (School District Parent/Guardian)

Becky Reece, Vice Chair (Business Community)

Burt Campton (At-large)

Jim Pell (Taxpayer organization)