

*Eureka City Schools Citizens' Oversight Committee*  
2100 J Street, Eureka, CA 95501  
**REGULAR MEETING**  
4:00 P.M.  
**February 28, 2024**  
**AGENDA**

- A. CALL TO ORDER OF REGULAR MEETING
- B. PUBLIC COMMENT ON NONAGENDA ITEMS
- C. CONSENT
  - 1. Minutes of the Regular Meeting of November 8, 2023
- D. DISCUSSION / ACTION
- E. DISCUSSION
  - 2. Receive and Review 2022-23 Performance and Financial Bond Audit
    - Measure S
    - Measure T
  - 3. Financial Update: Review Expenditure Reports
    - Measure S
    - Measure T
  - 4. Projects Update
    - Measure S
    - Measure T
  - 5. Community Conversations
  - 6. Next Meeting Dates: May 15, 2024 (confirmed); August 21, 2024 (proposed)
  - 7. Topics for Next Agenda
- F. ADJOURNMENT

NOT OFFICIAL UNTIL APPROVED ON February 28, 2024

Eureka City Schools Citizens' Oversight Committee

2100 J Street, Eureka, CA 95501

**REGULAR MEETING**

4:00 PM

**November 8, 2023**

**MINUTES**

A. CALL TO ORDER OF OPEN SESSION

Chair Denise Jones called the regular meeting to order at 4:05 p.m.

Members Present: Bert Campton, Wendy Harper, Denise Jones, Shalise Miles, Syn-dee Noel, Becky Reece

Members Absent: None

Staff Present: Paul Ziegler, Mario da Costa, Jen Snipes

B. PUBLIC COMMENT ON NONAGENDA ITEMS

There were no public comments on nonagenda items.

C. CONSENT

**1. Minutes of the Regular Meeting of August 16, 2023**

M/S Reece/Campton. All in favor. Motion carries.

D. DISCUSSION / ACTION

**2. COC Terms**

• **Committee Agreement to Reappoint Syn-dee Noel**

Syn-dee Noel's original term was for one year. She is now eligible for two consecutive two-year terms. The committee agreed to reappoint Syn-dee as the Senior Organization member. M/S Jones/Reece. All in favor. Motion carries.

**3. COC Membership**

• **Approval of Thavisak Syphanthong as PTA/Parent Representative for the Committee**

The District received an application from Mr. Syphanthong on August 3, 2023. Bert and Paul met with him in early October to conduct an interview. Bert and Paul recommended that the committee select Mr. Syphanthong to the COC as the PTA/Parent representative. This appointment brings the committee to full capacity.

M/S Campton/Reece. All in favor. Motion carries.

E. DISCUSSION

**4. Financial Update: Review Expenditure Reports**

Mario da Costa gave an update of expenditures to the committee.

• *Measure S*

Mario reported that the District spent about \$2.2 million in the first quarter of 2023-24. Nearly \$1.5 million was for the Science Building.

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- *Measure T*

There were no Measure T expenditures during the 2023-24 first quarter.

## **5. Projects Update**

Paul reported out on projects in progress.

- *Measure S*

EHS Gym: The District had to issue a stop work notice to the contractor until they give the District an acceptable written work plan for Phase III (demolition).

EHS Science Building: The HVAC units have arrived but the project is not as far along as we had hoped. At this time, we do not know if we will be able to move into the building during winter break.

- *Measure T*

Increment #2 plans are still with the Division of the State Architect (DSA). We hope to have stamped plans soon so that we can give the plans to the Office of Public School Construction (OPSC) so they can evaluate and calculate their contribution to the project. The Notice to Bidders was advertised on October 22 and 29, 2023.

## **6. Jay Willard Gymnasium Grand Opening Feedback**

The grand opening was August 17, 2023. The committee members stated that the event was successful in their view and it was nice to see the community enjoying the new gym. It was also noted that the student speakers did a great job.

## **7. Community Conversations**

There were no community conversations reported.

## **7. Next Meeting Dates:**

February 28, 2024 and May 15, 2024 were confirmed by the COC as the next meeting dates.

## **8. Topics for Next Agenda**

There were no topics suggested for the next meeting.

## **F. ADJOURNMENT**

Chair Jones adjourned the meeting at 5:07 p.m.

NOT OFFICIAL UNTIL APPROVED ON February 28, 2024

Respectfully submitted,

Paul Ziegler  
Assistant Superintendent / Business Services

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Recording Secretary, Jen Snipes

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CHAIR OF THE COMMITTEE

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DATE



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

February 14, 2024

Citizen's Oversight Committee  
and Governing Board Measure S  
General Obligation Bonds Building Fund  
Eureka City Schools  
Eureka, California

We have audited the financial statements of the Eureka City Schools Measure S General Obligation Bonds Building Fund as of and for the year ended June 30, 2023, and have issued our report thereon dated February 14, 2024. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated September 21, 2022, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Eureka City Schools Measure S General Obligation Bonds Building Fund solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by of Eureka City Schools Measure S General Obligation Bonds Building Fund is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022-23 fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We did not identify any accounting estimates made by management relating to the performance of the audit.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We did not identify any disclosures that involve significant sensitive discretion.

### **Significant Difficulties Encountered during the Audit**

We encountered difficulties in obtaining audit evidence and accounting closing informaton on a timely basis. This resulted in additional time and a required extension for audit issuance.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We did not identify any uncorrected misstatements in the course of our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any corrected misstatements in the course of our audit.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Eureka City Schools Measure S General Obligation Bonds Building Fund's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated February 14, 2024 (Attachment I).

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Eureka City Schools Measure S General Obligation Bonds Building Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Eureka City Schools Measure S General Obligation Bonds Building Fund's auditors.

### **Other Services**

We have assisted management in preparing the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by management.

Management's responsibilities for other services included designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and any other nonattest services we performed as part of this engagement. Management has represented that they have evaluated the adequacy and results of those services and is accepting responsibility for them.

**Other Information in Documents Containing Audited Financial Statements**

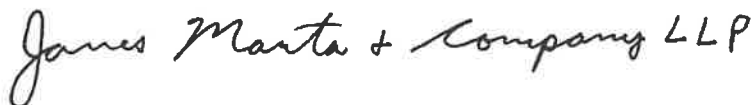
Pursuant to professional standards, our responsibility as auditors for other information in documents containing Eureka City Schools Measure S General Obligation Bonds Building Fund's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we have:

Reviewed the Measure S text and related budget versus actual for the projects and considered whether such information and requirements, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Citizen's Oversight Committee and Governing Board and members of management of the Eureka City Schools and is not intended to be and should not be used by anyone other than these specified parties.



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
February 14, 2024





Paul Ziegler, Assistant Superintendent  
Business Services

2100 J Street | Eureka, CA 95501

### MANAGEMENT REPRESENTATION LETTER

February 14, 2024

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California

This representation letter is provided in connection with your audit of the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the Measure S General Obligation Bonds Building Fund (the "Fund") of Eureka City Unified School District (the "District") as of June 30, 2023 and for the fiscal year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the fund financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Fund in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 14, 2024:

#### Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated September 21, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members and the Citizens Oversight Committee.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.

- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:

- The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
- The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
- The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 

**Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with *accounting principles generally accepted in the United States of America, GASB-34 fund statement reporting*.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with *GASB-34 fund statement reporting*.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- e. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

**Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Measure 5 General Obligation Bonds Building Fund of the Eureka City Unified School District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Measure 5 General Obligation Bonds Building Fund of the Eureka City Unified School District is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that must be disclosed in accordance with GASB-62.

- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- The Measure S General Obligation Bonds Building Fund of the Eureka City Unified School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



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Paul Ziegler, Assistant Superintendent of Business Services



**EUREKA CITY SCHOOLS**  
**MEASURE S**  
**GENERAL OBLIGATION BONDS**

**BUILDING FUND**

**COUNTY OF HUMBOLDT**  
**EUREKA, CALIFORNIA**

**FINANCIAL AND PERFORMANCE AUDIT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**JAMES MARTA & COMPANY LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**701 HOWE AVENUE, E3**  
**SACRAMENTO, CA**

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**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**

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**James Marta & Company LLP**  
*Certified Public Accountants*  
*Accounting, Auditing, Consulting, and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee  
and Governing Board  
Eureka City Schools  
Eureka, California

### **Report on the Financial Statements**

#### *Opinions*

We have audited the Balance Sheet of Eureka City Schools (the District), Measure S General Obligation Bonds Building 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, 2023, 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 Eureka City Schools Measure S General Obligation Bond Fund (the Fund) as of June 30, 2023 and the results of its operations the fiscal 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 Measure S 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 February 14, 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. 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.

*James Marta & Company LLP*

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
February 14, 2024

## **BASIC FINANCIAL STATEMENTS**

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**BALANCE SHEET**  
**JUNE 30, 2023**

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**ASSETS**

Cash and cash equivalents	\$ 2,856,635
Receivables	<u>257,565</u>
Total assets	<u><u>\$ 3,114,200</u></u>

**LIABILITIES AND  
FUND BALANCES**

Liabilities	
Accounts payable	<u>\$ 1,102,577</u>
Total liabilities	<u>1,102,577</u>
Fund balance	
Restricted for Bond Measure S Projects	<u>2,011,623</u>
Total fund balance	<u>2,011,623</u>
Total liabilities and fund balance	<u><u>\$ 3,114,200</u></u>

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**REVENUES**

Other local revenues	<u>\$ 271,484</u>
Total revenues	<u>271,484</u>

**EXPENDITURES**

Books and supplies	47,802
Services and other operating expenditures	18,691
Capital outlay	<u>17,296,384</u>
Total expenditures	<u>17,362,877</u>
Net change in fund balance	(17,091,393)
Fund balances, July 1, 2022	<u>19,103,016</u>
Fund balances, June 30, 2023	<u><u>\$ 2,011,623</u></u>

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The accounting policies of the Measure S General Obligation Bonds Building Fund (the Fund) of Eureka City Schools 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.

Eureka City Schools (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Governing Board elected by registered voters of the District, which comprises an area in Humboldt County. The District was established in 1908 and serves students in grades Transitional Kindergarten through twelve.

On August 27, 2015, the District issued Measure S, Series 2015 General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$25,000,000 for the purpose of financing improvements to facilities and educational technology in the District's facilities and to pay certain costs of issuance associated therewith. The Bonds represent the first series of bonds issued under the Authorization.

On July 7, 2020, the District issued Measure S, Series 2020 General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$24,750,000 for the purpose of upgrading and repairing school facilities of the District and to pay certain costs of issuance associated therewith. The Series 2020 were the second and final series of bonds under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District.

The Bonds were authorized at an election within the District held on November 4, 2014 (the "Election") at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of \$49,750,000 aggregate principal amount of general obligation bonds of the District (the "Authorization"). 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.

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.

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. REPORTING ENTITY (CONTINUED)**

The fund financial statements presented are for the Measure S General Obligation Bonds 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 Eureka City Schools include the Measure S General Obligation Bond Building Fund activities, related debt and disclosures, as well as the management discussion and analysis.

**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 Interest and Redemption Fund of the District.

**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.

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

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

**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.



**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. CAPITAL AND LONG-TERM DEBT (CONTINUED)**

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 balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure S General Obligation Bond Building Fund are accounted for in the basic financial statements of the District.

**I. FUND BALANCE – GOVERNMENTAL FUNDS**

As of June 30, 2023, fund balances of the Measure S 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.

**J. USE OF 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 that 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/expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2023 consist of \$2,856,635 cash in the county treasury.

**A. Policies and Practices**

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 instrument; 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 agreement; 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.

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**2. CASH AND INVESTMENTS (CONTINUED)**

**B. Cash in County Treasury**

County pool investments consist of District cash held by the Humboldt County Treasury that is invested in the county investment pool. 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 649 days. The pool is rated AAA by Standard and Poor's.

**C. Investment Risks**

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.

**EUREKA CITY SCHOOLS**  
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**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**3. MEASURE S GENERAL OBLIGATION BONDS**

The authorized issuance amount of the bonds is \$49,750,000. On August 27, 2015, the District issued Measure S General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$25,000,000 for the purpose of financing the improvements to facilities and educational technology in the District’s facilities and to pay costs of issuance of the Bonds. See table below of how the proceeds of the bonds were applied.

*Sources of Funds*

Principal Amount of Bonds	\$ 25,000,000
Net Original Issue Premium	854,246
Total Sources	<u>\$ 25,854,246</u>

*Uses of Funds*

Deposited to Building Fund	\$ 24,665,000
Deposited to Debt Service Fund	762,110
Cost of Issuance	427,136
Total Uses	<u>\$ 25,854,246</u>

The bonds carry interest rates ranging from 2.0% to 5.0% and mature through August 1, 2045.

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**3. MEASURE S GENERAL OBLIGATION BONDS (CONTINUED)**

On July 7, 2020, the District issued Measure S General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$24,750,000 for the purpose of financing the improvements to facilities and educational technology in the District’s facilities and to pay costs of issuance of the Bonds. See table below of how the proceeds of the bonds were applied.

*Sources of Funds*

Principal Amount of Bonds	\$ 24,750,000
Net Original Issue Premium	<u>2,295,273</u>
Total Sources	<u>\$ 27,045,273</u>

*Uses of Funds*

Deposited to Building Fund	\$ 24,550,000
Deposited to Debt Service Fund	2,095,243
Cost of Issuance	<u>400,030</u>
Total Uses	<u>\$ 27,045,273</u>

The bonds carry interest rates ranging from 2.5% to 4.0% and mature through August 1, 2049. The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of Humboldt County are obligated to levy and collect on all taxable property in the District for the payment of principal and interest on the Bonds when due.

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**4. COMMITMENTS AND CONTINGENCIES**

As of June 30, 2023, the Building Fund had the following commitments with respect to unfinished capital projects:

<b>Project Name</b>	<b>Initial Committed Balance</b>	<b>Expenditures to Date</b>	<b>Committed Balance at June 30, 2023</b>
EHS Gym	\$ 24,193,000	\$ 20,088,828	\$ 4,104,172
EHS Science Building	9,979,680	7,212,248	2,767,432
	<u>\$ 34,172,680</u>	<u>\$ 27,301,076</u>	<u>\$ 6,871,604</u>

**5. SUBSEQUENT EVENTS**

District management evaluated its June 30, 2023 financial statements for subsequent events through February 14, 2024, the date these 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**

**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**FULL TEXT OF BOND MEASURE**

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**THE EUREKA CITY SCHOOLS CLASSROOM REPAIR, TECHNOLOGY, & JOB TRAINING  
BOND MEASURE**

Upon the passage of Measure S, Eureka City Schools shall be authorized to issue bonds in the aggregate amount of \$49.75 million, bearing interest at rates not exceeding the statutory limit, for the purpose of funding the following school facilities projects:

**Classroom Repair, Technology and Job Training for Eureka City Schools**

**Goal and Purpose:** To upgrade every school site and help improve education by: upgrading career/job training classrooms; investing in technology/science labs; repairing aging classrooms; qualifying local schools for matching state funds; and constructing/acquiring facilities, classrooms, sites and equipment.

**Classroom and Facility Repair:**

- Upgrade fire alarm systems and fire sprinkler systems to meet current codes
- Replace/upgrade existing security systems
- Correct earthquake safety deficiencies where found to be necessary
- Repair, replace and expand fencing, doors, locks, exterior lighting and other barriers to provide increased security for students and staff
- Upgrade emergency communication systems, including warning and public address systems
- Improve, expand or construct safer student pick-up and drop off areas
- Repair and/or replace outdated heating and ventilation systems
- Repair and/or replace drainage, sewer, gas, electrical, irrigation and water systems
- Repair and/or replace leaking roofs, gutters and downspouts
- Repair, renovate, upgrade, improve build and/or replace pavement, sidewalks, outdoor structures, fields, facilities and landscape areas at physical education facilities, sports and athletic facilities, playfields and playgrounds
- Repair and/or replace deteriorated walls, ceilings, doors, windows, cabinets, interior and exterior building finishes
- Repair, renovate or improve site restroom facilities
- Construct classrooms, restrooms, nurses offices, staff work areas at existing sites and furnish and equip such buildings
- Repair, upgrade or reconfigure site grounds and facilities to accommodate projects on this project list
- Construct access improvements for disabled persons, as required by state and federal law
- Carry out necessary deferred maintenance projects
- Repair, add and/or replace school activity signage
- Repair, add and/or replace school furniture and equipment
- Replace aging portable classroom buildings, and furnish and equip such buildings
- Abate and demolish any school buildings that are deemed unsafe and/or not fit for modernization
- Install energy efficient mechanical, electrical and lighting systems
- Replace and/or improve single-paned windows
- Install power generation equipment to reduce energy/utility costs
- Improve insulation, weatherproofing and roofs
- Implement water conservation systems
- Improve, modernize, expand or construct multi-use buildings, including kitchen facilities and central kitchen

## EUREKA CITY SCHOOLS

### MEASURE S GENERAL OBLIGATION BONDS

#### FULL TEXT OF BOND MEASURE

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**Upgrade career/job training classrooms in our middle and high school campuses allowing us to improve instructional methods, and integrate modern technology:**

- Repair and/or replace deteriorated walls, ceilings, doors, windows, cabinets, interior and exterior building finishes
- Repair and/or replace leaking roofs, gutters and downspouts
- Replace aging portable classroom buildings, and furnish and equip such buildings
- Repair, replace or purchase new shop and classroom furniture and equipment
- Install energy efficient mechanical, electrical and lighting systems
- Replace and/or improve single-paned windows

**Integrate modern technology into daily student learning to improve current instructional methods:**

- Provide and maintain upgraded technology, data and communication equipment
- Upgrade and expand wireless systems, telecommunications, internet and network connections
- Upgrade and replace computers, hardware and software systems
- Install updated wiring and infrastructure to accommodate modern technology

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, surveys, construction management, relocation assistance, staff training expenses and customary contingency and escalation for unforeseen design and construction costs. In addition to the listed projects, the project list also includes the payment of the costs of preparation of all facility planning, permit fees, and temporary housing of dislocated District activities caused by bond projects. The upgrading of technology infrastructure includes, but is not limited to, computers, LCD projectors, printers, portable interface devices, servers, switches, routers, modules, sound projection systems, digital whiteboards, document projectors, upgrade VOIP, call manager and network security/firewall and other miscellaneous equipment and software.

The District Board of Trustees certifies that it has evaluated safety, class size reduction, and information technology needs in developing this list.

The bond proceeds will be used only for the purposes specified in Article XIII A, section 1(b)(3) of the California Constitution, and not for any other purposes, including teacher and administrator salaries and other school operating expenses.

Approval of the bond measure does not guarantee that the school facility projects proposed for construction will be funded beyond the local revenues generated by the measure. Certain of the District's proposed projects assume the receipt of matching State funds, which could be subject to appropriation by the State Legislature or approval of a statewide bond measure. Reduction in state funds may result in a subsequent reduction in funding of projects provided for herein.



**EUREKA CITY SCHOOLS**  
**MEASURE S GENERAL OBLIGATION BONDS**  
**FULL TEXT OF BOND MEASURE**

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The District Board of Trustees will conduct an annual independent performance audit to ensure that the bond funds have been expended only on the specific projects authorized. The District Board of Trustees will also conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been expended for the above-stated school facilities projects. The District will deposit the proceeds of the bonds in a separate account. The District's chief business official shall issue an annual report to the Board of Trustees, which shall contain the amount of funds collected and expended as well as the status of the above-stated school facilities projects.

Additionally, the District Board of Trustees shall appoint a citizen's oversight committee. The membership requirements and procedures for such committee shall be established by the Board of Trustees in accordance with the requirements of law.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**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  
Eureka City Schools  
Eureka, 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 Measure S General Obligation Bonds Building Fund of Eureka City Schools (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Measure S General Obligation Bonds Building Fund financial statements, and have issued our report thereon dated February 14, 2024.

**Report on 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 Measure S General Obligation Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Measure S General Obligation Bond Building Fund 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.

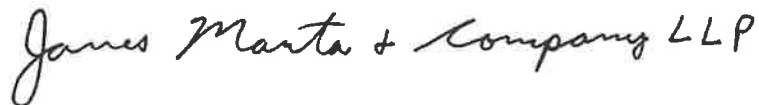
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure S General Obligation Bond Building 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. Accordingly, this communication is not suitable for any other purpose.

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  
February 14, 2024



**James Marta & Company**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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

Citizen's Oversight Committee  
and Governing Board Measure S  
General Obligation Bonds Building Fund  
Eureka City Schools  
Eureka, California

We have audited the performance audit of the Measure S General Obligation Bonds Building Fund of the Eureka City Schools (the "District") as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated February 14, 2024. 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 Measure S General Obligation Bonds in accordance with Appendix A of the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

We conducted our audit of performance 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 2022-23 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 Measure S General Obligation Bond funds for the year ended June 30, 2023.

**Objectives**

The objectives of our performance audit was to determine that the District expended the Measure S General Obligation Bond funds for the year ended June 30, 2023 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, 2023. The expenditures included all account and project codes associated with the bond projects. Expenditures before July 1, 2022 and after June 30, 2023 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, 2023.
2. We selected expenditures to ensure compliance with Proposition 39 and Measure S General Obligation Bond funding.
3. We verified the mathematical accuracy of the expenditures included in the Measure S General Obligation Bond Fund detailed general ledger for the fiscal year ended June 30, 2023.
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 S 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.
7. We verified that funds used to pay the salaries of district employees were allowable per opinion 04-110 issued November 9, 2004 by the State of California Attorney General.

## **Conclusion**

Based on the procedures performed, we found that the Eureka City Schools has properly accounted for the expenditures of Measure S 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 Eureka City Schools, 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  
February 14, 2024



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

February 14, 2024

Citizen's Oversight Committee  
and Governing Board Measure T  
General Obligation Bonds Building Fund  
Eureka City Schools  
Eureka, California

We have audited the financial statements of the Eureka City Schools Measure T General Obligation Bonds Building Fund as of and for the year ended June 30, 2023, and have issued our report thereon dated February 14, 2024. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated September 21, 2022, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Eureka City Schools Measure S General Obligation Bonds Building Fund solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.



### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by of Eureka City Schools Measure S General Obligation Bonds Building Fund is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022-23 fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We did not identify any accounting estimates made by management relating to the performance of the audit.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We did not identify any disclosures that involve significant sensitive discretion.

### **Significant Difficulties Encountered during the Audit**

We encountered difficulties in obtaining audit evidence and accounting closing informaton on a timely basis. This resulted in additional time and a required extension for audit issuance.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We did not identify any uncorrected misstatements in the course of our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any corrected misstatements in the course of our audit.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Eureka City Schools Measure S General Obligation Bonds Building Fund's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated February 14, 2024 (Attachment I).

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Eureka City Schools Measure T General Obligation Bonds Building Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Eureka City Schools Measure T General Obligation Bonds Building Fund's auditors.

### **Other Services**

We have assisted management in preparing the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by management.

Management's responsibilities for other services included designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and any other nonattest services we performed as part of this engagement. Management has represented that they have evaluated the adequacy and results of those services and is accepting responsibility for them.

**Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Eureka City Schools Measure T General Obligation Bonds Building Fund's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we have:

Reviewed the Measure T text and related budget versus actual for the projects and considered whether such information and requirements, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Citizen's Oversight Committee and Governing Board and members of management of the Eureka City Schools 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  
February 14, 2024



Paul Ziegler, Assistant Superintendent  
Business Services

2100 J Street | Eureka, CA 95501

### MANAGEMENT REPRESENTATION LETTER

February 14, 2024

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California

This representation letter is provided in connection with your audit of the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the Measure T General Obligation Bonds Building Fund (the "Fund") of Eureka City Unified School District (the "District") as of June 30, 2023 and for the fiscal year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the fund financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Fund in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 14, 2024:

#### Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated September 21, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members and the Citizens Oversight Committee.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.

- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:

- The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
- The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
- The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

**Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the supplementary information accompanying the financial statements:

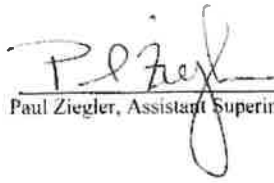
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with *accounting principles generally accepted in the United States of America, GASB-34 fund statement reporting*.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with *GASB-34 fund statement reporting*.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- e. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

**Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We *are* not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been *no* communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Measure T General Obligation Bonds Building Fund of the Eureka City Unified School District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Measure T General Obligation Bonds Building Fund of the Eureka City Unified School District is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations. Unasserted claims or assessments that must be disclosed in accordance with GASB-62.

- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- The Measure T General Obligation Bonds Building Fund of the Eureka City Unified School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



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Paul Ziegler, Assistant Superintendent of Business Services





**EUREKA CITY SCHOOLS**  
**MEASURE T**  
**GENERAL OBLIGATION BONDS**

**BUILDING FUND**

**COUNTY OF HUMBOLDT**  
**EUREKA, CALIFORNIA**

**FINANCIAL AND PERFORMANCE AUDIT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

701 HOWE AVENUE, E3  
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**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**

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**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**INDEPENDENT AUDITOR'S REPORT**

Citizen's Oversight Committee  
and Governing Board  
Eureka City Schools  
Eureka, California

**Report on the Financial Statements**

***Opinions***

We have audited the Balance Sheet of Eureka City Schools (the District), Measure T General Obligation Bonds Building 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, 2023, 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 Eureka City Schools Measure T General Obligation Bond Fund (the Fund) as of June 30, 2023 and the results of its operations the fiscal 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 Measure T 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 February 14, 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. 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.

*James Marta & Company LLP*

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
February 14, 2024

## **BASIC FINANCIAL STATEMENTS**

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**BALANCE SHEET**  
**JUNE 30, 2023**

---

**ASSETS**

Cash and cash equivalents	\$ 17,547,727
Receivables	<u>317,262</u>
Total assets	<u><u>\$ 17,864,989</u></u>

**LIABILITIES AND  
FUND BALANCES**

Liabilities	
Accounts payable	<u>\$ -</u>
Total liabilities	<u>-</u>
Fund balance	
Restricted for Bond Measure T Projects	<u>17,864,989</u>
Total fund balance	<u>17,864,989</u>
Total liabilities and fund balance	<u><u>\$ 17,864,989</u></u>

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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<b>REVENUES</b>	
Other local revenues	\$ 64,603
Total revenues	64,603
 <b>EXPENDITURES</b>	
Books and supplies	-
Services and other operating expenditures	-
Capital outlay	-
Total expenditures	-
Net change in fund balance	64,603
Fund balances, July 1, 2022	17,800,386
Fund balances, June 30, 2023	\$ 17,864,989



**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The accounting policies of the Measure T General Obligation Bonds Building Fund (the Fund) of Eureka City Schools 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.

Eureka City Schools (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Governing Board elected by registered voters of the District, which comprises an area in Humboldt County. The District was established in 1908 and serves students in grades Transitional Kindergarten through twelve.

On March 2, 2022, the District issued Measure T, Series 2022 General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$18,000,000 for the purpose of financing the acquisition, construction, modernization, and equipping of District sites and facilities and to pay the costs of issuance associated therewith. The Bonds represent the first and only series of bonds issued under the Authorization.

The Bonds were authorized at an election within the District held on March 3, 2020 (the "Election") at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of \$18,000,000 aggregate principal amount of general obligation bonds of the District (the "Authorization"). 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.

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.

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. REPORTING ENTITY (CONTINUED)**

The fund financial statements presented are for the Measure T General Obligation Bonds 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 Eureka City Schools include the Measure T General Obligation Bond Building Fund activities, related debt and disclosures, as well as the management discussion and analysis.

**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 Interest and Redemption Fund of the District.

**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.

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

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

**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.

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. CAPITAL AND LONG-TERM DEBT (CONTINUED)**

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 balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure T General Obligation Bond Building Fund are accounted for in the basic financial statements of the District.

**I. FUND BALANCE – GOVERNMENTAL FUNDS**

As of June 30, 2023, fund balances of the Measure T 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.

**J. USE OF 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 that 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/expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2023 consist of \$17,547,727 cash in the county treasury.

**A. Policies and Practices**

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 instrument; 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 agreement; 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.

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**2. CASH AND INVESTMENTS (CONTINUED)**

**B. Cash in County Treasury**

County pool investments consist of District cash held by the Humboldt County Treasury that is invested in the county investment pool. 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 649 days. The pool is rated AAA by Standard and Poor's.

**C. Investment Risks**

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.

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**3. MEASURE T GENERAL OBLIGATION BONDS**

The authorized issuance amount of the bonds is \$18,000,000. On March 2, 2022, the District issued Measure T General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$18,000,000 for the purpose of financing the acquisition, construction, modernization, and equipping of District sites and facilities and to pay the costs of issuance associated therewith. See table below of how the proceeds of the bonds were applied.

*Sources of Funds*

Principal Amount of Bonds	\$ 18,000,000
Net Original Issue Premium	2,111,531
Total Sources	<u>\$ 20,111,531</u>

*Uses of Funds*

Deposited to Building Fund	\$ 17,790,000
Deposited to Debt Service Fund	1,970,421
Cost of Issuance	351,110
Total Uses	<u>\$ 20,111,531</u>

The bonds carry interest rates ranging from 3.0% to 4.0% and mature through August 1, 2049. The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of Humboldt County are obligated to levy and collect on all taxable property in the District for the payment of principal and interest on the Bonds when due.

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**4. COMMITMENTS AND CONTINGENCIES**

As of June 30, 2023, the Measure T did not have any commitments.

**5. SUBSEQUENT EVENTS**

District management evaluated its June 30, 2023 financial statements for subsequent events through February 14, 2024, the date these 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**



**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**FULL TEXT OF BOND MEASURE**

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The following is the full proposition presented to the voters by the Eureka City Schools.

**“Eureka City Schools High School Emergency Repair/Student Safety Measure.** To repair unsafe school buildings, storm drains, fields and facilities; improve campus, student and teacher safety/disabled accessibility; acquire, construct, repair sites, equipment/high school/continuing education facilities; qualify for emergency State matching funds, shall Eureka City Schools’ measure authorizing \$18,000,000 in bonds at legal rates, levying \$17/\$100,000 assessed value (\$1,100,000 annually) while bonds are outstanding, be adopted, requiring annual independent audits, citizens’ oversight and all funds spent locally?”

**PROJECT LIST**

The Board of Education of the Eureka City Schools is committed to retaining and attracting quality teachers in local schools by providing safe, secure, upgraded facilities. To that end, the Board evaluated the imminent danger to students’ health and safety caused by the failure of a storm drain system and its consequential facility damages, as well as safety issues, class size reduction, basic repairs, computer and information technology in developing the types of projects to be funded by this measure as described below. The District conducted an independent structural engineering study as well as had an assessment performed by the Public Works Department of the City of Eureka of the repairs required by the failure of the storm drainage pipelines. The Board has prioritized key health and safety needs so that the most critical repairs are addressed.

In approving this Project List, the Board of Education determines that the District must:

- (i) Repair sections of Eureka High School which present life/hazard and imminent health and safety risks to teachers, students and staff, families and members of the public; and
- (ii) Improve accessibility to the Eureka High School campus for disabled persons; and
- (iii) Prevent dangerous sinkholes which create imminent health and safety risks to students and high school teachers and staff; and
- (iv) Upgrade facilities to meet current seismic safety standards; and
- (v) Apply for emergency State matching funds to offset the costs of stadium repairs; and
- (vi) Adhere to specific fiscal accountability safeguards:
  - (a) All expenditures subject to annual independent financial audits.
  - (b) No money taken by the State. All funds stay local.
  - (c) All expenditures reviewed by an independent citizen oversight committee to ensure that funds are spent only as authorized.

The Project List includes the following types of upgrades and improvements at District schools, facilities and sites:

**IMPROVE STUDENT HEALTH AND SAFETY**  
**Emergency School Repair Projects Funded By Money That Cannot Be Taken By Sacramento**

**Goals and Purposes:** Portions of the Eureka High School campus have been compromised by the failure of the District’s storm drainage infrastructure, creating dangerous sink holes, denying safe access to facilities by persons with disabilities, and undermining the safety of hillside and adjacent facilities. This measure will correct present life/hazard and imminent health and safety risks to students and staff.

## EUREKA CITY SCHOOLS

### MEASURE T GENERAL OBLIGATION BONDS

#### FULL TEXT OF BOND MEASURE

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This measure will restore certain fields for student use, allowing Eureka High School to provide physical education programs which help students stay out of trouble, focus, perform well in school, and stay away from gangs and drugs.

This measure will permit Eureka High School to be used effectively as an emergency evacuation site as California experiences more volatile wildfires and unpredictable PG&E outages.

- Repair and upgrade failed storm drainage system.
- Fill sinkholes for student safety and prevent future sinkholes from developing.
- Improve access to school facilities for students with disabilities.
- Install new lighting for student safety.
- Repair fields, track and ancillary buildings damaged by the storm drain failure.
- Replace deteriorating pipes.
- Restore and upgrade career technical training facilities.
- Improve facilities to meet current seismic safety standards.

In addition to the projects listed above, the repair and renovation of existing school facilities may include, but not be limited to, some or all of the following: add or renovate restrooms; repair and replace electrical, plumbing, heating, ventilation and air conditioning systems; upgrade of facilities for energy efficiencies; repair and replace worn-out and deteriorated roofs, windows, walls, floors, doors and drinking fountains; upgrade wiring and electrical systems; upgrade or construct classroom and support facilities including physical education, career technical training facilities, buildings, swing space; repair and replace fire alarms, emergency communications and security systems; improve facilities to satisfy ADA requirements; resurface or replace asphalt, broken concrete, concrete flatwork, and improve hard courts, turf, track and fields, and storm water collection, irrigation and drainage systems and campus landscaping; install signage, improve pathways and fencing; expand parking and drop-off areas; improve all site utilities; acquire land; upgrade or replace interior and exterior painting, floor covering (including carpets), portable classrooms and school facades; demolition; upgrade food service areas, and school cafeterias; construct various forms of storage and support spaces; repair, upgrade and install interior and exterior lighting systems; construct, acquire or improve playgrounds, play structures, athletic fields, stadiums, bleachers, concession areas, tracks and facilities to support student health, fitness and safety, lockers, and other facilities serving District students; replace outdated security fences and security systems (including access control systems), add or upgrade parking lots, including accessible stalls. In addition to the listed projects stated above, the Project List also includes the acquisition of a variety of instructional, maintenance and operational equipment, including and interim funding incurred to advance fund projects from the Project List; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects. The upgrading of technology infrastructure includes, but is not limited to, network rewiring, cabling, computers, mobile interface devices, data centers, switches, routers, modules, and sound projection systems, wireless technology systems, acquire miscellaneous IT and instructional equipment. The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of portable classrooms and existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and

**EUREKA CITY SCHOOLS**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**FULL TEXT OF BOND MEASURE**

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operationally efficient campuses. Necessary on-site and off-site improvements, site preparation and restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation or drainage systems, traffic signals, sewer or utility lines, trees and landscaping, relocating fire access roads, road widening, and acquiring any necessary easements, licenses, permits or rights of way to the property. The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, legal fees and similar planning costs, connection fees, permit fees, program/project management, staff training expenses and a customary contingency for unforeseen design and construction costs. 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 bond projects. Bond proceeds shall only be expended for the types of projects and purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.

**Fiscal Accountability:** This measure requires a clear system of accountability, including a project list detailing how the money will be used, a citizen's oversight committee, and independent audits to ensure money is spent properly.

In accordance with Education Code Section 15272, the Board of Education will appoint a citizens' oversight committee and conduct annual independent audits to assure that funds are spent only on district projects and for no other purpose. The expenditure of bond money on these projects is subject to stringent financial accountability requirements. By law, performance and financial audits will be performed annually, and all bond expenditures will be monitored by an independent citizens' oversight committee to ensure that funds are spent as promised and specified. 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.

**No Administrator Salaries:** proceeds from the sale of the bonds authorized by this proposition shall be used only for the acquisition, 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 school administrator salaries and other operating expenses.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**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  
Eureka City Schools  
Eureka, 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 Measure T General Obligation Bonds Building Fund of Eureka City Schools (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Measure T General Obligation Bonds Building Fund financial statements, and have issued our report thereon dated February 14, 2024.

**Report on 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 Measure T General Obligation Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Measure T General Obligation Bond Building Fund 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.

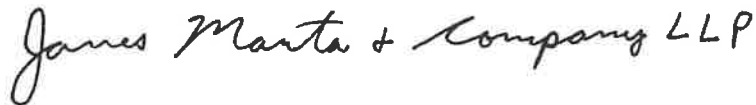
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Measure T General Obligation Bond Building 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. Accordingly, this communication is not suitable for any other purpose.

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  
February 14, 2024



**James Marta & Company**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**INDEPENDENT AUDITOR'S REPORT  
ON MEASURE T BOND PERFORMANCE**

Citizen's Oversight Committee  
and Governing Board Measure T  
General Obligation Bonds Building Fund  
Eureka City Schools  
Eureka, California

We have audited the performance audit of the Measure T General Obligation Bonds Building Fund of the Eureka City Schools (the "District") as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated February 14, 2024. 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 Measure T General Obligation Bonds in accordance with Appendix A of the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

We conducted our audit of performance 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 2022-23 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 Measure T General Obligation Bond funds for the year ended June 30, 2023.

**Objectives**

The objectives of our performance audit was to determine that the District expended the Measure T General Obligation Bond funds for the year ended June 30, 2023 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, 2023. The expenditures included all account and project codes associated with the bond projects. Expenditures before July 1, 2022 and after June 30, 2023 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, 2023.
2. We selected expenditures to ensure compliance with Proposition 39 and Measure T General Obligation Bond funding.
3. We verified the mathematical accuracy of the expenditures included in the Measure T General Obligation Bond Fund detailed general ledger for the fiscal year ended June 30, 2023.
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 T 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.
7. We verified that funds used to pay the salaries of district employees were allowable per opinion 04-110 issued November 9, 2004 by the State of California Attorney General.

## **Conclusion**

Based on the procedures performed, we found that the Eureka City Schools has properly accounted for the expenditures of Measure T 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 Eureka City Schools, 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  
February 14, 2024

	Total 2022-23	2023-24 Expenditures				Total 2023-24	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
<u>Bond Fund 23 (Measure S)</u>							
<u>New Activity from 10/01/2023 to 12/31/2023</u>							
<u>Alice Birney 3 Classroom Additions</u>							
<u>Total</u>	0	0	0	0	0	0	1,168,930
<u>Alice Birney Restroom Upgrade</u>							
<u>Total</u>	0	0	0	0	0	0	13,129
<u>Alice Birney 6 Classroom Modernization Upper Wing</u>							
<u>Total</u>	0	0	0	0	0	0	157,411
<u>Alice Birney Loading Zone</u>							
<u>Total</u>	0	0	0	0	0	0	1,397,826
<u>Alice Birney Office Area Alterations</u>							
<u>Total</u>	0	0	0	0	0	0	124,878
<u>AB PA Bell System</u>							
<u>Total</u>	0	0	0	0	0	0	37,490
<u>Grant Fencing Campton Road</u>							
<u>Total</u>	0	0	0	0	0	0	17,589
<u>Grant PA Bell System</u>							
<u>Total</u>	0	0	0	0	0	0	39,972
<u>Grant Parking Lot</u>							
<u>Total</u>	0	0	0	0	0	0	47,724
<u>Laf PA Bell System</u>							
<u>Total</u>	29,040	0	0	0	0	0	65,933
<u>Lafayette Classroom 5, 7, 8, 12 Modernization</u>							
<u>Total</u>	0	0	0	0	0	0	66,914
<u>Lafayette Loading Zone</u>							
<u>Total</u>	0	0	0	0	0	0	1,896,384
<u>Multiple Sites - Teaching Walls</u>							
<u>Total</u>	0	0	0	0	0	0	235,412

	Total 2022-23	2023-24 Expenditures				Total 2023-24	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
<u>Bond Fund 23 (Measure S)</u> <u>New Activity from 10/01/2023 to 12/31/2023</u> <u>Winship/Perimeter Fencing</u>	0	0	0	0	0	0	68,366
<u>Winship/Bell PA System</u>	0	0	0	0	0	0	55,798
<u>Winship Gymnasium Siding Replacement</u>	0	0	0	0	0	0	16,283
<u>Winship Security System</u>	0	0	0	0	0	0	35,732
<u>Winship Gym Tech Upgrades</u>	0	0	0	0	0	0	5,067
<u>Winship - CTE Greenhouses</u>	0	0	0	0	0	0	60,081
<u>AB PA Bell System</u>	0	0	0	0	0	0	12,949
<u>Zane Classroom Modernization Room 42</u>	0	0	0	0	0	0	5,614
<u>Zane Security Cameras</u>	0	0	0	0	0	0	33,843
<u>Zane Cafeteria Roof Replacement</u>	0	0	0	0	0	0	102,106
<u>Zane Gym Tech Upgrades</u>	0	0	0	0	0	0	5,040
<u>Zane S Street Entrance</u>	0	0	0	0	0	0	491,372
<u>Zane Engineering Class (Room 12)</u>	0	0	0	0	0	0	99,606

	Total 2022-23	2023-24 Expenditures				Total 2023-24	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
<b>Bond Fund 23 (Measure S)</b>							
<b>New Activity from 10/01/2023 to 12/31/2023</b>							
<u>Zane PA Bell / Clock System</u>	0	0	0	0	0	74,452	
<b>Total</b>	0	0	0	0	0	74,452	
<u>EHS Wireless Network Upgrade</u>							
<b>Total</b>	0	0	0	0	0	484	
<u>Modernize Autoshop Equipment</u>							
<b>Total</b>	0	0	0	0	0	4,166	
<u>EHS CTE GreenHouses</u>							
<b>Total</b>	0	0	0	0	0	0	
<u>EHS Security Cameras</u>							
<b>Total</b>	0	0	0	0	0	52,690	
<u>EHS Science Building</u>							
Zindar Brunelle DBA Brunelle and Clark	8,095	0	0	0	0	15,575	
Adams Commercial General	7,212,248	1,469,018	1,888,465	0	0	3,357,483	10,569,731
Craven Construction	28,444	18,137	23,617	0	0	41,754	70,198
FF&J Architects	909,223	0	0	0	0	0	909,223
SHN Consulting Engineers	6,903	0	375	0	0	375	7,278
US Bank (Credit Card)	0	0	0	0	0	0	0
<b>Total</b>	<b>8,164,913</b>	<b>1,487,155</b>	<b>1,912,457</b>	<b>0</b>	<b>0</b>	<b>3,399,612</b>	<b>11,572,005</b>
<u>EHS Gym Project</u>							
AT&T	0	0	0	0	0	0	688
Anixter Inc	2,332	0	0	0	0	0	2,332
Bank of Marin	434,179	35,181	10,681	0	0	45,862	1,103,167
Brunelle & Clark Consulting	0	0	13,480	0	0	13,480	31,678
CDE	0	0	0	0	0	0	8,738
CDW-G	14,266	8,121	0	0	0	8,121	22,387
City of Eureka - Public Works Engineering	18,691	0	0	0	0	0	18,691
Corning Carpet	0	24,571	0	0	0	24,571	24,571
Community Fitness	41,415	0	0	0	0	0	41,415
Craven Construction Services	148,181	30,010	22,835	0	0	52,845	379,794
Department of Toxic Substances	0	0	0	0	0	0	4,295

	Total 2022-23	2023-24 Expenditures				Total 2023-24	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
<b>Bond Fund 23 (Measure S)</b>							
<b>New Activity from 10/01/2023 to 12/31/2023</b>							
Division of State Architect - DSA Plan Check Fees	0	0	0	0	0	163,049	
Don's Rent All	0	0	0	0	0	203	
ECS Labor	0	0	0	0	0	730	
ECS Revolving Fund	0	0	0	0	0	4,053	
Ferguson Enterprises	0	0	0	0	0	56	
FF&J Architects - fees	176,671	0	0	0	0	1,316,052	
Katam Restaurant Supply	54,101	0	0	0	0	54,101	
Kleen Solution Environmental	0	0	0	0	0	13,590	
Hamanaka Painting Co, Inc.	0	0	1,985	0	1,985	1,985	
Hensell Materials	0	0	0	0	0	300	
Infinity Abatement Services	0	0	7,135	0	7,135	7,135	
Mendes Supply	7,145	0	0	0	0	7,145	
North Coast Labs	0	0	0	0	0	1,038	
Pacific Gas & Electric - Electric Service	0	0	0	0	0	60,408	
Pacific Gas & Electric - Engineering Advance	0	0	0	0	0	5,000	
Page & Turnbull	0	0	0	0	0	8,001	
Pierson Building Center	0	0	0	0	0	8	
Resilite Sports Products	0	0	39,475	0	39,475	39,475	
Rincon Consulting	0	0	0	0	0	35,707	
Schmidbauer Lumber	0	0	0	0	0	2,130	
SHN Consulting Engineers	58,122	3,306	22,185	0	25,491	250,932	
Times Standard	0	0	0	0	0	1,179	
The Mural Man	0	8,500	0	0	8,500	8,500	
Thompson Builders	8,249,394	668,446	137,175	0	805,621	20,894,400	
US Bank - Credit Cards	1,184	0	0	0	0	2,453	
US Bank - Postage	0	0	0	0	0	7	
Webstaurantstore.com	2,375	0	0	0	0	2,375	
Wahlund construction	0	0	0	0	0	3,398	
<b>Total</b>	<b>9,208,056</b>	<b>778,135</b>	<b>254,951</b>	<b>0</b>	<b>1,033,086</b>	<b>24,521,167</b>	
<b>EHS AG Building</b>							
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,103,457</b>	
<b>EHS Music Building</b>							
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>985,587</b>	
<b>EHS PA Bell / Clock System</b>							
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>235,788</b>	

Bond Fund 23 (Measure S) New Activity from 10/01/2023 to 12/31/2023	Total 2022-23	2023-24 Expenditures				Total 2023-24	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
<u>Lincoln Bell and PA System</u> Total	0	0	0	0	0	0	40,528
<u>Lincoln Modernization Phase 2</u> Total	0	0	0	0	0	0	1,373,225
<u>Lincoln Modernization Phase 3</u> Total	0	0	0	0	0	0	1,066,839
<u>Washington Parking Lot (6149)</u> Total	0	0	0	0	0	0	876,438
<u>Washington Bell/PA System</u> Total	0	0	0	0	0	0	41,737
<u>Washington Library Modernization</u> Total	0	0	0	0	0	0	32,746
<u>Washington Cafeteria Project</u> Total	0	0	0	0	0	0	115
<u>Winzler Playground Paving and Equipment Replacement</u> Total	0	0	0	0	0	0	60,123
<u>Winzler Landscaping</u> Total	0	0	0	0	0	0	28,082
<u>District Elementary Furniture Purchases</u> Total	0	0	0	0	0	0	13,926
<u>Jacobs Demolition-6751</u> Total	0	0	0	0	0	0	783,355
<u>Tech Center Security Cameras -6165</u> Total	0	0	0	0	0	0	90
<u>District Technology Upgrades</u> Total	0	0	0	0	0	0	5,400

**Bond Fund 23 (Measure S)  
New Activity from 10/01/2023 to 12/31/2023**

**Site Technology Updates**

	Total 2022-23	2023-24 Expenditures				Total 2023-24	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
<b>Total</b>	0	0	0	0	0	0	356,457
<b>Miscellaneous</b>							
<b>Total</b>	0	0	0	0	0	0	578,619
<b>TOTAL</b>	<b>17,402,009</b>	<b>2,265,290</b>	<b>2,167,408</b>	<b>0</b>	<b>0</b>	<b>4,432,698</b>	<b>55,068,925</b>
<b>Match:</b>							
Alice Birney 3 Classroom	0	0	0	0	0	0	(364,590)
Eureka High Ag Building SFP Funding	0	0	0	0	0	0	(3,033,778)
Lincoln Modernization SFP Funding	0	0	0	0	0	0	(1,853,094)
Fund 25 balance support	0	0	0	0	0	0	(80,410)
Total Match	0	0	0	0	0	0	(5,331,872)
<b>NET EXPENDITURES</b>	<b>17,402,009</b>	<b>2,265,290</b>	<b>2,167,408</b>	<b>0</b>	<b>0</b>	<b>4,432,698</b>	<b>49,737,053</b>

**Bond Fund 22 (Measure T)  
New Activity from 10/01/2023 to 12/31/2023  
Measure T Storm Drain (7400)**

	Total 2022-23	2023-24				Total 2023-24	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
360 Pipeline Inspections LLC	0	0	0	0	0	0	9,682
BRUNELLE & CLARK CONSULTING	0	0	4,535	0	0	4,535	23,230
California Department of Fish & Wildlife	0	0	0	0	0	0	10,598
DON'S RENT ALL	0	0	0	0	0	0	332
EHS Labor	2,107	0	0	0	0	0	21,183
EUREKA READY MIX	0	0	0	0	0	0	662
FF&J Architects INC.	0	0	0	0	0	0	1,168,252
JILL MCDONALD	0	0	0	0	0	0	1,250
Joesph Mixy--Asbestos Removal	0	0	0	0	0	0	6,490
Mobley Construction	0	0	0	0	0	0	2,430
Pacific Gas and Electric	0	0	75,142	0	0	75,142	80,142
SHN CONSULTING ENGINEERS	39,519	0	1,454	0	0	1,454	309,986
State Water Resources and Control Board	652	0	595	0	0	595	4,316
UNITED RENTALS NORTHWEST INC.	0	0	0	0	0	0	96
WAHLUND CONSTRUCTION INC.	0	0	25,427	0	0	25,427	25,427
<b>Total</b>	<b>42,278</b>	<b>0</b>	<b>107,153</b>	<b>0</b>	<b>0</b>	<b>107,153</b>	<b>1,664,076</b>
<b>TOTAL</b>	<b>42,278</b>	<b>0</b>	<b>107,153</b>	<b>0</b>	<b>0</b>	<b>107,153</b>	<b>1,664,076</b>
<b>State Match:</b>	0	0	0	0	0	0	0
<b>NET EXPENDITURES</b>	<b>42,278</b>	<b>0</b>	<b>107,153</b>	<b>0</b>	<b>0</b>	<b>107,153</b>	<b>1,664,076</b>