

MEASURE S
NINTH ANNUAL REPORT TO THE COMMUNITY

July 1, 2022 – June 30, 2023

This is the ninth annual report to the community by the Citizens' Oversight Committee (COC) concerning the status of the School Improvement Bond Measure S, approved by Eureka voters in November 2014. Bond Measure S authorized \$49.75 million for the District's pre-school, elementary, middle, and high schools.

Pursuant to state law, the Eureka City Schools' Governing Board appointed a Citizens' Oversight Committee, an independent committee representing various segments of the community. Responsibilities of the committee include informing the public regarding bond construction projects and their costs, ensuring the projects are within the scope of the bond measures and that no bond proceeds are used for any teacher or administrative salaries or other operating costs, and presenting to the Board of Trustees a written report which summarizes the Committee's proceedings and activities for the preceding year, including a statement indicating whether the District is in compliance with requirements of Article XIII A, Section I(b)(3) of the California Constitution.

Committee Activities

The committee met four times during the year at its regularly scheduled quarterly meetings. Standing meeting topics include reviewing quarterly and annual financial reports and receiving updates on progress of bond projects. The committee conducted a site tour of the new Gymnasium on the Eureka High School campus as part of its November 9, 2022 meeting.

Project Report

In the year ended June 30, 2022, Eureka City Schools expended a total of \$17,362,877 for projects related to Bond Measure S. The Measure S fund balance as of June 30, 2023, is \$2,011,623, which includes interest received and state matching funds and grant funds.

The majority of bond funds utilized in 2022/23 were for continued work constructing the new Eureka High School Gymnasium and modernization of the Eureka High Science Building.

The gymnasium project consists of four phases, including construction of the new gymnasium, abatement of hazardous materials from the current facility, demolition of the current gymnasium, and construction of a new parking lot. The first phase, construction of the new gymnasium, progressed to the point that the District took beneficial occupancy of the facility in August 2023. Particular aspects of the first phase, such as building the covered walkways on the east side of the new gymnasium, are in progress. Abatement of hazardous materials from the old gym is substantially complete, and demolition of the old gymnasium is also currently underway.

Considerable work was also accomplished on the Science Building modernization. At the time of this report, the contractor was waiting on delivery of heating and ventilation equipment and laboratory furnishings and supplies to finalize the project. The modernization is expected to be completed in Spring 2024.

Bond Sale

The authorized issuance amount of the Measure S General Obligation Bonds Series 2015 is \$49,750,000. The first series of bonds, in the amount of \$25,000,000, was issued in August 2015. The second series of bonds, in the amount of \$24,750,000, was issued in July 2020. Combined Building Fund balances for Measure S and Measure T, including interest and other state revenues as of June 30, 2022, is \$19,876,612.

Additional Revenues

In addition to providing support for facility construction and modernization efforts, the bond funds also qualify the District for state matching funds. During 2017/18, the District received \$364,590 in state matching funds through new bond authority approved by the California electorate in November 2016. The District also received a \$3 million matching Career Technical Education State grant, which augments the local Measure S funds allocated to the Eureka High School Agricultural Complex project. These state School Facility Program funds were transferred into the Building Fund in 2021/22. In September 2023, the District also received \$1,853,094 in State Facility Program funding as partial match for the Lincoln Campus building modernization which was completed in 2016/17. Eureka City Schools continues to follow the required state guidelines for its bond projects in order to remain eligible for additional matching funds.

Findings and Conclusion

The firm of James Marta & Company LLP of Sacramento, California, conducted independent performance and financial audits. The objective of the performance audit was to determine with reasonable assurance that “the 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”, and not for any other purpose. In the opinion of the auditing firm, “Eureka City Schools has properly accounted for the expenditures of Measure S General Obligation Bond Fund”. The audit also notes that “the funds were not used for salaries of school administrators or other operating expenditures”.

James Marta & Company further opined that the fund financial statements “present fairly, in all material respects, the financial position of the Eureka City Schools District Measure S General Obligation Bond 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.”

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

Respectfully submitted by the Citizens’ Oversight Committee Members:

Denise Jones, Chair (Taxpayer Organization)

Bert Campton (At-large)

Shalise Miles (At-large)

Thavisak "Lucky" Syphanthong (School District Parent/Parent-teacher Organization)

Becky Reece, Vice Chair (Business Community)

Wendy Harper (School District Parent/Guardian)

Syn-dee Noel (Senior Citizens Organization)