

## **THIRD ANNUAL REPORT TO THE COMMUNITY**

**July 1, 2016 – June 30, 2017**

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

### **Committee Activities**

The committee met four times during the year at its regularly scheduled quarterly meetings. Standing meeting topics include reviewing quarterly and annual financial reports and receiving updates on progress of bond projects. Site tours to Winship and Zane Middle Schools, the Eureka High School Gymnasium and the Music Building, and the Lincoln Campus were also featured as part of select quarterly meetings to provide committee members a firsthand view of various completed and in-progress bond projects.

### **Project Report**

In the year ended June 30, 2017, a total of \$2,898,884 was expended for projects related to Bond measure S for Eureka City Schools. This brings total bond expenditures since the inception of the bond program to \$5,911,991.

Some of the projects completed during the year include the three classroom addition at Alice Birney Elementary, completion of the final phase of modernization at the Lincoln campus, and classroom modernizations at Alice Birney and Lafayette Elementary.

Projects underway include the Alice Birney Elementary parking lot and bus drop off zone, the Lafayette Elementary parking lot and bus drop off zone, the Eureka High School Music Building, and the Zane Middle School "S" Street entrance project. All of these projects are expected to be finalized in 2017/18. A number of other projects, including the Eureka High School Gymnasium, are either in development or in the planning stages.

### **Bond Sale**

The authorized issuance amount of the Measure S General Obligation Bonds Series 2015 is \$49,750,000. The first series of bonds in the amount of \$25,000,000 was issued in August 2015. Total Building Fund balances as of June 30, 2016, were \$19,531,704.

### **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 2016/17 there was no existing bond authority available for New Construction and Modernization applications, though new bond authority has since been approved by the California electorate in November 2016. The District is following the required state guidelines for its bond projects in order to remain eligible for matching funds once the state bond sale occurs.

### **Findings and Conclusion**

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

James Marta & Company further opined that the fund financial statements “present fairly, in all material respects, the financial position of the Eureka City Unified School District Measure S Obligation Bond Series 2015 Building Fund as of June 30, 2017 and the results of its operations the year then ended in conformity with accounting principles generally accepted in the United States of America.” Further, the auditing firm stated “The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.”

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

Respectfully submitted by the Citizens’ Oversight Committee Members:

Denise Jones, Chair (Senior Citizens Organization)

Greg Burger (School District/Parent-Teacher Organization)

Syn-dee Noel (At-large)

Becky Reece, Vice Chair (Business Community)

Burt Campton (At-large)

Jim Pell (Taxpayer organization)