

Eureka City Schools Citizens' Oversight Committee

2100 J Street, Eureka, CA 95501

REGULAR MEETING

4:00 P.M.

February 25, 2026

AGENDA

- A. CALL TO ORDER OF REGULAR MEETING
- B. PUBLIC COMMENT ON NONAGENDA ITEMS
- C. CONSENT
 - 1. Minutes of the Regular Meeting of December 17, 2025
- D. DISCUSSION / ACTION
- E. DISCUSSION
 - 2. Receive and Review 2024-25 Measure T Performance and Financial Bond Audit
 - a) *Presented by Eide Bailly, LLC*
 - 3. Financial Update: Review Expenditure Reports
 - Measure S
 - Measure T
 - 4. Projects Update
 - Measure S
 - Measure T
 - 5. Community Conversations
 - 6. Next Meeting Dates: April 29, 2026 (proposed); August 19, 2026 (proposed)
 - 7. Topics for Next Agenda
 - Annual Report to the Community: Measure T
 - Dissolution of the Citizens' Oversight Committee
- F. ADJOURNMENT

Eureka City Schools Citizens' Oversight Committee
2100 J Street, Eureka, CA 95501

REGULAR MEETING

4:00 PM

December 17, 2025

MINUTES

A. CALL TO ORDER OF OPEN SESSION

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

Members Present: Denise Jones, Wendy Harper, Syn-dee Noel, Becky Reece, Lucky Syphanthong

Members Absent: Bert Campton, Shalise Miles

Staff Present: Paul Ziegler, Evan Roberts, Jen Snipes

B. PUBLIC COMMENT ON NONAGENDA ITEMS

There were no public comments on non-agenda items.

C. CONSENT

1. Minutes of the Regular Meeting of August 20, 2025

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

D. DISCUSSION/ACTION

There were no discussion/action items.

E. DISCUSSION

2. Financial Update: Review Expenditure Reports

Assistant Superintendent Paul Ziegler gave an update of expenditures to the committee.

- *Measure S and Measure T*

Fund 23 and 22 (Measure S and T) have been completely spent, although interest does trickle in. The District is now using Fund 35 (State awarded funding) and Fund 40 (Capital Outlay Fund) to finish the bond projects.

We may only have one more official meeting after the audit is received, but there may be interest from committee members to continue to have informal meetings until the stadium project is complete.

3. Projects Update

Director of Maintenance, Facilities, and Operations Evan Roberts reported out on projects in progress.

- *Measure S*

EHS Gym:

The contractor is working on the punch list which includes corrections to the asphalt in the parking lot, striping parking lines, and videoing the drainage system.

- *Measure T*

The baseball side of the project is coming together and we hope to have the baseball program on the field in the spring, weather dependent.

The stadium side is moving forward nicely, as well.

4. Bond Refinancing

The District recently refinanced \$10M of Measure S to save the taxpayers \$1.5M, as well as reducing the bond longevity by one year.

5. Community Conversations

There were no community conversations to report.

6. Next Meeting Dates:

February 25, 2026 and May 13, 2026 were confirmed by the COC as the next meeting dates.

7. Topics for Next Agenda

Unofficial meetings moving forward (D/A).

F. ADJOURNMENT

Chair Jones adjourned the meeting at 5:15 p.m.

Respectfully submitted,

Paul Ziegler
Assistant Superintendent / Business Services

NOT OFFICIAL UNTIL APPROVED ON February 25, 2026

Recording Secretary, Jen Snipes

CHAIR OF THE COMMITTEE

DATE



January 28, 2026

To the Governing Board and Citizens' Oversight Committee
Eureka City Schools
Eureka, California

We have audited the financial statements of Eureka City Schools' (the District) Building Fund (Measure T), as of and for the year ended June 30, 2025, and have issued our report thereon dated January 28, 2026. We have also performed the performance audit of the District's Building Fund. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit of the District's Building Fund (Measure T) under Generally Accepted Auditing Standards and *Government Auditing Standards* and the Performance Audit under *Government Auditing Standards*.

As communicated in our letter dated June 4, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Additionally, our responsibility, as described by professional standards, is to conduct a performance audit in accordance with *Government Auditing Standards*. Our audit of the financial statements and performance audit 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 the system 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 District's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the District 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.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's 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* dated January 28, 2026.

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, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the District'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 the District 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 the year ended June 30, 2025 related to the Building Fund (Measure T). 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.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures 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. No such sensitive accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

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 and each applicable opinion unit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

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 the District'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 management representation letter dated January 28, 2026.

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 the District, 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 the District's auditors.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We have made the following modification to our auditor's report:

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund (Measure T), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2025, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the Governing Board, Citizens' Oversight Committee, and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sallie LLP". The signature is written in a cursive, flowing style.

Ontario, California

Financial and Performance Audits
Building Fund (Measure T)
June 30, 2025

Eureka City Schools

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Financial Audit
Building Fund (Measure T)
June 30, 2025
Eureka City Schools



Independent Auditor's Report

To the Governing Board and Citizens' Oversight Committee
Eureka City Schools
Eureka, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Building Fund (Measure T) of Eureka City Schools (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure T) of Eureka City Schools, as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 (*Government Auditing Standards*). 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund (Measure T), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2025, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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.

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 opinion. 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.

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026 on our consideration of the Building Fund (Measure T) of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Building Fund (Measure T) of the District's 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 Building Fund (Measure T) of the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
January 28, 2026

Eureka City Schools
Building Fund (Measure T)
Balance Sheet
June 30, 2025

Assets		
Investments	\$	223,678
Receivables		<u>10,656</u>
Total assets	\$	<u><u>234,334</u></u>
Liabilities		
Accounts payable	\$	<u><u>234,334</u></u>

Eureka City Schools
Building Fund (Measure T)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended June 30, 2025

Revenues	
Interest income	\$ 209,878
Change in fair value of investments	<u>329,325</u>
Total revenues	<u>539,203</u>
Expenditures	
Services and operating expenditures	61,422
Capital outlay	<u>14,574,265</u>
Total expenditures	<u>14,635,687</u>
Deficiency of Revenues over Expenditures	<u>(14,096,484)</u>
Other Financing Sources	
Transfers in	<u>39,086</u>
Net Change in Fund Balance	(14,057,398)
Fund Balance - Beginning	<u>14,057,398</u>
Fund Balance - Ending	<u><u>\$ -</u></u>

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Eureka City Schools' (the District) Building Fund (Measure T) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The District Building Fund accounts for financial transactions in accordance with the policies and procedures of the *California School Accounting Manual*.

Financial Reporting Entity

The financial statements include only the Building Fund of the District used to account for Measure T projects. This Fund was established to account for the receipt of proceeds and expenditures of general obligation bonds issued under Measure T. These financial statements are not intended to present fairly the financial position and the changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

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. The District's governing board adopts an operating 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. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Estimates

The preparation of financial statements in accordance 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 during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Note 2 - Investments

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 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.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their county treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the county treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis. The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Humboldt County Investment Pool. The District maintains a Building Fund (Measure T) investment of \$223,678 with the Humboldt County Investment Pool, with an average maturity of 626 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Humboldt County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2025.

Note 3 - Receivables

Receivables at June 30, 2025, consisted of the following:

Interest	<u>\$ 10,656</u>
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Note 4 - Accounts Payable

The accounts payable at June 30, 2025, consisted of the following:

Capital outlay	<u>\$ 234,334</u>
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Note 5 - Interfund Transactions

Operating Transfers

Interfund transfers for the year ended June 30, 2025, consisted of the following:

The balance of \$39,086 was transferred from the County School Facilities Fund to the Building Fund (Measure T) for expenditures related to school facilities projects.

Note 6 - Commitments and Contingencies

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

Independent Auditor's Report
Building Fund (Measure T)
June 30, 2025
Eureka City Schools



**Independent Auditor's 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***

To the Governing Board and Citizens' Oversight Committee
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 (*Government Auditing Standards*), the financial statements of the Building Fund (Measure T) of Eureka City Schools (the District), as of and for the year ended June 30, 2025, and the related notes of the financial statements, and have issued our report thereon dated January 28, 2026.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund (Measure T), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2025, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Building Fund (Measure T) 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 the Building Fund (Measure T) of the District's 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sautley LLP". The signature is written in a cursive, flowing style.

Ontario, California
January 28, 2026

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Responses.

2024-001 Financial Reporting and Closing Process

Criteria or Specific Requirements

The accounting system used to record the fiscal activities of local educational agencies (LEAs) shall be in accordance with the definitions, instructions, and procedures published in the California School Accounting Manual. LEAs are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Eide Bailly LLP assists in the preparation of the District's financial statements based on the trial balance prepared by management. During the course of the audit, material adjustments were required to be made to the Building Fund (Measure T) financial statements including restatement of beginning fund balance. There was a material audit adjustment proposed and posted to correct a prior year overstatement of receivables, which affected the fund balance as of July 1, 2023. For the year ended June 30, 2024, an audit adjustment was identified that was related to the recording of an expenditure in the incorrect period by the District causing an understatement of operating expenditures and an understatement of the accounts payable balance. In addition, an audit adjustment was identified related to the fair market value of the cash in county investment account.

Context

The condition was identified as a result of audit procedures performed. Several adjusting entries were posted to ensure accuracy and correct classification of account balances.

Cause

The internal controls in place during the closing process, including preparation and review of account reconciliations, were not sufficient to ensure accurate reporting of balances for reporting.

Effect

Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly. This deficiency may result in financial information that is not available as timely or accurately as it would otherwise be if account balances were reconciled and reported accurately. Additionally, this deficiency may have been corrected if the financial statements were internally prepared.

Recommendation

We recommend that the District implement more comprehensive review processes and controls to ensure that account balances are reconciled to the underlying source documentation. Additionally, the financial statements prepared by external accountants should be reviewed and reconciled back to the District's records to ensure amounts presented accurately reflect the District's records.

Implemented

Yes.

Performance Audit
Building Fund (Measure T)
June 30, 2025
Eureka City Schools



Independent Auditor's Report on Performance

To the Governing Board and Citizens' Oversight Committee
Eureka City Schools
Eureka, California

We were engaged to conduct a performance audit of the Building Fund (Measure T) of Eureka City Schools (the District) for the year ended June 30, 2025.

We conducted this performance audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Authority/Purpose

The general obligation bonds associated with Measure T were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code*, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District.

For Measure T, the District received authorization from an election held on March 3, 2020, to issue bonds of the District in an aggregate principal amount not to exceed \$18,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2020 Authorization). The bonds outstanding as of June 30, 2025, represent the first series of the authorized bonds to be issued under the 2020 Authorization.

Purpose

Pursuant to the Authorization, the proceeds of the Bond will be used to renovate and improve school building and facilities, specifically, to complete the projects listed in the information given to the voters (the Measure T Bond Priority Projects List).

The Measure T Bond Priority Projects List includes repair sections of Eureka High School which presents life and imminent health and safety risks to teachers, students and staff, families and members of the public, improve accessibility to the Eureka High School campus for disabled persons, prevent dangerous sinkholes which create imminent health and safety risks to students and high school teachers and staff, upgrade facilities to meet seismic safety standards, and apply for emergency State matching funds to offset the costs of stadium repairs. Along with, adhere to specific fiscal accountability safeguards such as all expenditures subject to annual independent financial audits, no money to be taken by the state, all funds stay local, and all expenditures are to be reviewed by an independent citizen oversight committee to ensure that funds are spent only as authorized.

Authority

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by the District, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The District must list the specific school facilities projects to be funded in the ballot measure and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the District to appoint a citizens' oversight committee.
4. Requires the District to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

Our audit was limited to the objectives listed below which includes determining the compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District compliance with those requirements.

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure T.
2. Determine whether salary transactions, charged to the Building Fund were in support of Measure T and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2024 through June 30, 2025. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2025, were not reviewed or included within the scope of our audit or in this report.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2025, for the Building Fund (Measure T). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure T as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
 - a) We considered all expenditures recorded in all object codes.
 - b) We considered all expenditures recorded in all projects that were funded from July 1, 2024 through June 30, 2025 from Measure T bond proceeds.

- c) We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
- 3. Our sample included transactions totaling \$13,902,827. This represents 95% of the total expenditures of \$14,635,687.
- 4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a) Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b) Expenditures were supported by proper bid documentation, as applicable.
 - c) Expenditures were expended in accordance with voter-approved bond project list.
 - d) Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
- 5. We determined that the District has met the compliance requirement of Measure T if the following conditions were met:
 - a) Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b) Expenditures were not used for salaries of school administrators or other operating expenses of the District.

The results of our tests indicated that the District expended Building Fund (Measure T) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Audit Results

The results of our test indicated that, in all material respects, Eureka City Schools has properly accounted for the expenditures held in the Building Fund (Measure T) and that such expenditures were made for authorized Bond projects.

This report is intended solely for the information and use of the District, Governing Board, and Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.



Ontario, California
January 28, 2026

None reported.

Bond Fund 23 (Measure S) New Activity from 10/01/2025 to 12/31/2025	Total 2024-25	2025-26				Total 2025-206	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
<u>Alice Birney 3 Classroom Additions</u> Total	0	0	0	0	0	0	1,168,930
<u>Alice Birney Restroom Upgrade</u> Total	0	0	0	0	0	0	13,129
<u>Alice Birney 6 Classroom Modernization Upper Wing</u> Total	0	0	0	0	0	0	157,411
<u>Alice Birney Loading Zone</u> Total	0	0	0	0	0	0	1,397,826
<u>Alice Birney Office Area Alterations</u> Total	-4,847	0	0	0	0	0	120,031
<u>AB PA Bell System</u> Total	0	0	0	0	0	0	37,490
<u>Grant Fencing Campton Road</u> Total	0	0	0	0	0	0	17,589
<u>Grant PA Bell System</u> Total	0	0	0	0	0	0	39,972
<u>Grant Parking Lot</u> Total	0	0	0	0	0	0	47,724
<u>Laf PA Bell System</u> Total	0	0	0	0	0	0	65,933
<u>Lafayette Classroom 5, 7, 8, 12 Modernization</u> Total	0	0	0	0	0	0	66,914
<u>Lafayette Loading Zone</u> Total	0	0	0	0	0	0	1,896,384
<u>Multiple Sites - Teaching Walls</u> Total	0	0	0	0	0	0	235,412

<u>Bond Fund 23 (Measure S)</u>						
<u>New Activity from 10/01/2025 to 12/31/2025</u>						
<u>Winship/Perimeter Fencing</u>						
Total						
	0	0	0	0	0	68,366
<u>Winship/Bell PA System</u>						
Total						
	0	0	0	0	0	55,798
<u>Winship Gymnasium Siding Replacement</u>						
Total						
	0	0	0	0	0	16,283
<u>Winship Security System</u>						
Total						
	0	0	0	0	0	35,732
<u>Winship Gym Tech Upgrades</u>						
Total						
	0	0	0	0	0	5,067
<u>Winship - CTE Greenhouses</u>						
Total						
	0	0	0	0	0	60,081
<u>AB PA Bell System</u>						
Total						
	0	0	0	0	0	12,949
<u>Zane Classroom Modernization Room 42</u>						
Total						
	0	0	0	0	0	5,614
<u>Zane Security Cameras</u>						
Total						
	0	0	0	0	0	33,843
<u>Zane Cafeteria Roof Replacement</u>						
Total						
	0	0	0	0	0	102,106
<u>Zane Gym Tech Upgrades</u>						
Total						
	0	0	0	0	0	5,040
<u>Zane S Street Entrance</u>						
Total						
	0	0	0	0	0	491,372
<u>Zane Engineering Class (Room 12)</u>						
Total						
	0	0	0	0	0	99,606

Bond Fund 23 (Measure S)						
New Activity from 10/01/2025 to 12/31/2025						
<u>Zane PA Bell / Clock System</u>						
Total	Total 2024-25	2025-26				Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2025-206
	0	0	0	0	0	74,452
<u>EHS Wireless Network Upgrade</u>						
Total	0	0	0	0	0	484
<u>Modernize Autoshop Equipment</u>						
Total	0	0	0	0	0	4,166
<u>EHS CTE GreenHouses</u>						
Total	0	0	0	0	0	0
<u>EHS Security Cameras</u>						
Total	0	0	0	0	0	52,690
<u>EHS Science Building</u>						
Total	743,631	0	0	0	0	12,911,435
<u>EHS Gym Project</u>						
Total	1,882,750	0	0	0	0	26,466,610
<u>EHS AG Building</u>						
Total	0	0	0	0	0	6,103,457
<u>EHS Music Building</u>						
Total	0	0	0	0	0	985,587
<u>EHS PA Bell / Clock System</u>						
Total	0	0	0	0	0	235,788
<u>Lincoln Bell and PA System</u>						
Total	0	0	0	0	0	40,528
<u>Lincoln Modernization Phase 2</u>						
Total	0	0	0	0	0	1,373,225
<u>Lincoln Modernization Phase 3</u>						
Total	0	0	0	0	0	1,066,839

<u>Bond Fund 23 (Measure S)</u>						
<u>New Activity from 10/01/2025 to 12/31/2025</u>						
<u>Washington Parking Lot (6149)</u>						
Total	0	0	0	0	0	876,438
<u>Washington Bell/PA System</u>						
Total	0	0	0	0	0	41,737
<u>Washington Library Modernization</u>						
Total	0	0	0	0	0	32,746
<u>Washington Cafeteria Project</u>						
Total	0	0	0	0	0	115
<u>Winzler Playground Paving and Equipment Replacement</u>						
Total	0	0	0	0	0	60,123
<u>Winzler Landscaping</u>						
Total	0	0	0	0	0	28,082
<u>District Elementary Furniture Purchases</u>						
Total	0	0	0	0	0	13,926
<u>Jacobs Demolition-6751</u>						
Total	0	0	0	0	0	783,355
<u>Tech Center Security Cameras -6165</u>						
Total	0	0	0	0	0	90
<u>District Technology Upgrades</u>						
Total	0	0	0	0	0	5,400
<u>Site Technology Updates</u>						
Total	0	0	0	0	0	356,457
<u>Miscellaneous</u>						
Total	0	0	0	0	0	578,619
TOTAL	2,621,534	0	0	0	0	58,348,950
Match:						

Bond Fund 23 (Measure S)							
New Activity from 10/01/2025 to 12/31/2025							
	Total 2024-25	2025-26				Total 2025-206	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4		
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)
NET EXPENDITURES	2,621,534	0	0	0	0	0	53,017,078

Bond Fund 22 (Measure T) New Activity from 10/01/2025 to 12/31/2025 Albee Stadium (7400)						
	Total 2024-25	2025-26			Total 2025-26	Total Bond Expenditures
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	
360 Pipeline Inspections LLC	0	0	0	0	0	9,682
Adams Commercial General	12,366,112	0	0	0	0	14,033,997
BRUNELLE & CLARK CONSULTING	2,662	0	0	0	0	33,794
California Department of Fish & Wildlife	0	0	0	0	0	10,598
City of Eureka	55,732	0	0	0	0	55,732
Craven Construction	113,103	0	0	0	0	118,795
DON'S RENT ALL	0	0	0	0	0	332
EHS Labor	0	0	0	0	0	21,183
EUREKA READY MIX	0	0	0	0	0	662
FF&J Architects INC.	287,832	0	0	0	0	2,563,386
JILL MCDONALD	0	0	0	0	0	1,250
Joseph Mixy--Asbestos Removal	0	0	0	0	0	6,490
Lozano Smith	9,101	0	0	0	0	9,101
Mobley Construction	0	0	0	0	0	2,430
Pacific Gas and Electric	0	0	0	0	0	80,142
Points West Surveying	3,133	0	0	0	0	3,133
SHN CONSULTING ENGINEERS	132,057	0	0	0	0	486,988
State Water Resources and Control Board	4,591	0	0	0	0	10,154
UNITED RENTALS NORTHWEST INC.	0	0	0	0	0	96
US Bank (Credit Card)	0	0	0	0	0	1,044
WAHLUND CONSTRUCTION INC.	0	0	0	0	0	25,427
Total	12,974,322	0	0	0	0	17,474,414
TOTAL	12,974,322	0	0	0	0	17,474,414
State Match:	0	0	0	0	0	0
NET EXPENDITURES	12,974,322	0	0	0	0	17,474,414