

**CUTTEN ELEMENTARY SCHOOL DISTRICT
MEASURE L
GENERAL OBLIGATION BOND
BUILDING FUND**

**COUNTY OF HUMBOLDT
EUREKA, CALIFORNIA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee
and Governing Board
Cutten Elementary School District
Eureka, California

Report on the Financial Statements

Opinions

We have audited the Balance Sheet of Cutten Elementary School District (the District), Measure L General Obligation Bond 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, 2025, 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 Cutten Elementary School District Measure L General Obligation Bond Fund (the Fund) as of June 30, 2025 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.

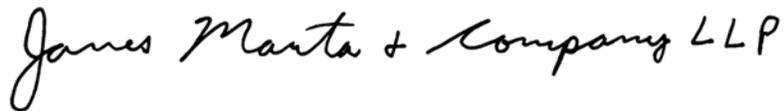
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

As discussed in Note 1, the financial statements referred to above present only the individual Measure L 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 December 12, 2025 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.

A handwritten signature in cursive script that reads "James Marta & Company LLP". The signature is written in black ink and is positioned above the printed name of the firm.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2025

BASIC FINANCIAL STATEMENTS

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

BALANCE SHEET

JUNE 30, 2025

ASSETS

| | | |
|---------------------------|----|----------------------|
| Cash and Cash Equivalents | \$ | 4,861 |
| Accounts receivable | | <u>17,796</u> |
| Total Assets | \$ | <u><u>22,657</u></u> |

**LIABILITIES AND
FUND BALANCES**

| | | |
|----------------------------------------|----|----------------------|
| Liabilities | | |
| Accounts payable | \$ | <u>-</u> |
| Total Liabilities | | <u>-</u> |
| Fund balances | | |
| Restricted for Measure L bond projects | | <u>22,657</u> |
| Total Fund Balances | | <u>22,657</u> |
| Total liabilities and fund balances | \$ | <u><u>22,657</u></u> |

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

REVENUES

| | |
|----------------------|---------------|
| Other local revenues | \$ 23,625 |
| Total revenues | <u>23,625</u> |

EXPENDITURES

| | |
|-----------------------------------------------------|------------------|
| Services and other operating expenditures | 163,759 |
| Capital outlay | <u>13,289</u> |
| Total expenditures | <u>177,048</u> |
| Excess(deficiency) of revenues over expenditures | <u>(153,423)</u> |
| Fund balances, July 1, 2024 | <u>176,080</u> |
| Fund balances, June 30, 2025 | <u>\$ 22,657</u> |

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accounting policies of the Measure L General Obligation Bond Fund (the Fund) of the Cutten Elementary School District 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.

The Cutten Elementary School District (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 founded in 1891. The District is located in the central western portion in Humboldt County, California (the "County") and serves the unincorporated area of the County known as Cutten. The District currently operates two elementary schools: Cutten Elementary School serves third through sixth grades, and Ridgewood School serves kindergarten through second grades.

On January 29, 2019, the District issued the first sale (Series A) of the Measure L General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$2,000,000 to finance specific construction, repair and improve District facilities. On February 6, 2020, the District issued the second and final sale (Series B) of the Measure L General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$1,998,286.

The Bonds were authorized at an election within the District held on November 6, 2018 (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 \$4,000,000 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.

The fund financial statements presented are for the Measure L General Obligation Bond 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 Cutten Elementary School District include the Measure L General Obligation Bond Building Fund activities, related debt and disclosures as well as management's discussion and analysis.

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Interest Redemption fund of the District. The Measure L Bond Building Fund forms part and not all of the net financial position in the District's Building Fund which contains other sources of funding.

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 one year.

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

CUTTEN ELEMENTARY SCHOOL DISTRICT

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL AND LONG-TERM DEBT

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 balances are considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure L 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, 2025, fund balances of the Measure L 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.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2025 consist of cash in county treasury in the amount of \$4,861.

A. 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 626 days. The pool is rated AAA by Standard and Poor's.

B. 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.

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

3. MEASURE L GENERAL OBLIGATION BONDS

Series A

On January 29, 2019, the District issued the first sale (Series A) of the Measure L General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$2,000,000 to finance specific construction, repair and improvement projects approved by the voters of the District and to pay costs of issuance. The Series A was the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. The proceeds of the Bonds were applied as follows:

Sources of Funds

| | |
|---------------------------|---------------------|
| Principal Amount of Bonds | \$ 2,000,000 |
| Original Issuance Premium | 132,326 |
| Total Sources | <u>\$ 2,132,326</u> |

Uses of Funds

| | |
|------------------------------------------------|---------------------|
| Deposited to Building Fund | \$ 1,855,000 |
| Deposited to Bond Interest and Redemption Fund | 92,326 |
| Cost of Issuance | 185,000 |
| Total Uses | <u>\$ 2,132,326</u> |

The Bonds are payable from the proceeds of ad valorem property taxes which the Board of Supervisors of the Humboldt County are obligated to levy and collect ad valorem property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on the bonds as the same becomes due and payable. The bonds consist of serial bonds bearing various fixed interest rates from 2% to 5% and mature in staggered amounts each year starting on August 1, 2019 up through August 1, 2048.

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

3. MEASURE L GENERAL OBLIGATION BONDS

Series B

On February 6, 2020, the District issued the second sale (Series B) of the Measure L General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$1,998,286 to finance specific construction, repair and improvement projects approved by the voters of the District and pay costs of issuance. The Series B was the second and final series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. The proceeds of the Bonds were applied as follows:

Sources of Funds

| | |
|----------------------------|---------------------|
| Principal Amount of Bonds | \$ 1,998,286 |
| Original Issuance Discount | 198,340 |
| Total Sources | <u>\$ 2,196,626</u> |

Uses of Funds

| | |
|------------------------------------------------|---------------------|
| Deposited to Building Fund | \$ 1,843,286 |
| Deposited to Bond Interest and Redemption Fund | 158,374 |
| Cost of Issuance | 194,966 |
| Total Uses | <u>\$ 2,196,626</u> |

The Bonds are payable from the proceeds of ad valorem property taxes which the Board of Supervisors of the Humboldt County are obligated to levy and collect ad valorem property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on the bonds as the same becomes due and payable. The bonds consist of serial bonds bearing various fixed interest rates from 2.68% to 4.00% and mature in staggered amounts each year starting in August 1, 2020 up through August 1, 2050.

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

3. COMMITMENTS AND CONTINGENCIES

As of June 30, 2025, the Building Fund did not have any bond commitments with respect to unfinished capital projects.

4. SUBSEQUENT EVENTS

The District's management evaluated its June 30, 2025 financial statements for subsequent events through December 12, 2025, the date the 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

CUTTEN ELEMENTARY SCHOOL DISTRICT

MEASURE L GENERAL OBLIGATION BOND BUILDING FUND

FULL TEXT OF BOND MEASURE

BOND AUTHORIZATION

By approval of this measure by at least 55 percent of the registered voters voting on the measure, the Cutten School District will be authorized to issue and sell bonds of up to \$4 million in aggregate principal amount at interest rates not to exceed legal limits and to provide financing for the specific types of school facilities projects listed in the Bond Project List described below, subject to all of the accountability requirements specified below.

ACCOUNTABILITY REQUIREMENTS

The provisions in this section are specifically included in this measure in order that the voters and taxpayers in the District may be assured that their money will be spent wisely. Expenditures to address specific facilities needs of the District will be in compliance with the requirements of Article XIII A, Section 1 (b)(3), of the State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following.)

Evaluation of Needs. The Governing Board has identified detailed facilities needs of the District and has determined which projects would be financed from a local bond. The Governing Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List shown below.

Independent Citizens' Oversight Committee. Following approval of this measure, the Governing Board will establish an Independent Citizens' Oversight Committee, under Education Code Sections 15278 and following, to ensure bond proceeds are expended only on the types of school facilities projects listed below. The committee will be established within 60 days of the date when the results of the election appear in the minutes of the Governing Board.

Performance Audits. The Governing Board will conduct annual, independent performance audits to ensure that the bond proceeds have been expended only on the school facilities projects listed below.

Financial Audits. The Governing Board will conduct annual, independent financial audits of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed below.

Government Code Accountability Requirements. As required by Section 53410 of the Government Code, (1) the specific purpose of the bonds is set forth in this Full Text of the Measure, (2) the proceeds from the sale of the bonds will be used only for the purposes specified in this measure, and not for any other purpose, (3) the proceeds of the bonds, when and if issued, will be deposited into a building fund to be held by the Humboldt County Treasurer, as required by the California Education Code, and (4) the Superintendent of the District shall cause an annual report to be filed with the Governing Board of the District not later than January 1 of each year, which report shall contain pertinent information regarding the amount of funds collected and expended, as well as the status of the projects listed in this measure, as required by Sections 53410 and 53411 of the Government Code.

NO TEACHER OR ADMINISTRATOR SALARIES

Proceeds from the sale of bonds authorized by this measure shall be used only for the purposes specified in Article XIII A, Section 1 (b)(3), those being for the construction, reconstruction, rehabilitation, or

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

FULL TEXT OF BOND MEASURE

replacement of school facilities, including the furnishing and equipping of school facilities, and the acquisition or lease of school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

STATE MATCHING FUNDS

The following statement is included in this measure pursuant to Education Code Section 15122.5: Approval of this measure does not guarantee that the proposed project or projects that are the subject of bonds under this measure will be funded beyond the local revenues generated by this measure. The District's proposal for the project or projects described below may assume the receipt of matching state funds, which, if available, could be subject to appropriation by the Legislature or approval of a statewide bond measure.

BOND PROJECT LIST

The Bond Project List below lists the specific projects the District proposes to finance with proceeds of the bonds. The Bond Project List shall be considered a part of the bond proposition and shall be reproduced in any official document required to contain the full statement of the bond proposition. Listed projects will be completed as needed at a particular school or facility site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. Any authorized repairs shall be capital expenditures. The Bond Project List does not authorize non-capital expenditures. Each project is assumed to include its share of costs of the election and bond issuance, construction-related costs, such as project and construction management, architectural, engineering, inspection and similar planning and testing costs, demolition and interim housing costs, legal, accounting and similar fees, costs related to the independent annual financial and performance audits, a contingency for unforeseen design and construction costs, and other costs incidental to or necessary for completion of the listed projects (whether the related work is performed by the District or third parties). The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources, including State of California grant funds for eligible projects, have not yet been secured. Therefore, the Board cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Alternatively, if the District obtains unexpected funds from non-bond sources with respect to listed projects, such projects may be enhanced, supplemented or expanded to the extent of such funds. Some projects may be subject to further government approvals, including by State officials and boards and/or local environmental or agency approval. Inclusion of a project on the Bond Project List is not a guarantee that the project will be completed (regardless of whether bond funds are available).

The specific projects authorized to be financed with proceeds of the bonds under this proposition are as follows:

SCHOOL MODERNIZATION AND RENOVATION MEASURE PROJECTS

The following projects are authorized to be financed Districtwide:

School Renovation, Construction and Upgrade Projects

- Modernize, upgrade, renovate, replace, rehabilitate, re-configure, expand, acquire and install, and/or upgrade classrooms, classroom buildings, labs, restrooms, common areas and grounds and school support facilities (including library, multipurpose room/auditorium, food storage, preparation and

CUTTEN ELEMENTARY SCHOOL DISTRICT

MEASURE L GENERAL OBLIGATION BOND BUILDING FUND

FULL TEXT OF BOND MEASURE

service, cafeteria and office/staff support facilities, whether permanent, portable or modular, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, secured storage, carpets, drapes, window coverings, infrastructure, lighting, sinks, drinking fountains, fixtures, signage, fencing, landscaping, furniture and equipment.

- Construct additional classrooms/classroom buildings, restrooms, food storage, preparation and service facilities, school support facilities, including offices and conference rooms, and related school facilities.
- Renovate, replace, upgrade, acquire, install and/or integrate major site/building/utility systems, equipment and related infrastructure and housing, including lighting, electrical (including wiring and related infrastructure for modern technology), heating, refrigeration, cooling and ventilation, water, sewer, gas irrigation, drainage, and energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.
- Acquire, install, upgrade and/or construct renewable energy and/or energy-saving systems, improvements and equipment, including electricity generation and distribution systems and/or water heating systems, natural light improvements, upgraded insulation and roofing, efficient lighting, windows and window coverings, shade structures, energy management and conservation systems, and other passive technologies, and structures to support such systems, improvements and equipment and related infrastructure.
- Furnish and equip classrooms and other school facilities, including, but not limited to, desks, chairs and classroom furniture, science and lab equipment, school-site maintenance equipment, copy machines, "cubicle" partitions, chairs, storage units and school office equipment, including initial purchases and continued replacement of equipment and furniture as needed.

All or portions of these Projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

SCHOOL SITE HEALTH, SAFETY AND SECURITY PROJECTS

- The inspection and analysis of grounds, buildings, fixtures and structures, including parking lots, walkways, paths, restrooms, drinking fountains, physical education/athletic fields and facilities, playground areas and equipment, to assess health and safety risks to students, faculty, staff, parents and the public and compliance with local, state and federal building, health, safety, access and other related requirements, including seismic safety requirements, Field Act requirements access requirements of the Americans with Disabilities Act (ADA) and Occupational Safety & Health Administration (OSHA) requirements, and the improvement, correction, repair or renovation of such grounds, buildings, fixtures and structures or portions thereof identified as such health and safety risks or acquire, install and/or construct other improvements to comply with such laws and requirements.
- Reconfigure, renovate, repair, resurface, improve and/or expand roads, sidewalks, parking lots and related areas, and pick-up/drop-off and bus areas to improve ingress/egress and safety and increase capacity to meet site usage.
- Upgrade and/or acquire and install exterior lighting, fire detection and suppression, security, emergency, clock, bell, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls.
- Upgrade or replace buildings that do not meet current minimum building code standards.

CUTTEN ELEMENTARY SCHOOL DISTRICT

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BUILDING FUND**

FULL TEXT OF BOND MEASURE

All or portions of these Projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

**DISTRICT-WIDE WIRING AND TECHNOLOGY FOR INSTRUCTIONAL SUPPORT
AND EFFECTIVE LEARNING ENVIRONMENT PROJECTS**

- Acquire and install technology equipment, fixtures and infrastructure, including computers, tablets, mobile devices, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and cooling equipment, wiring and uninterruptible power supplies), etc.
- Upgrade, replace, acquire and/or install media, audio/visual equipment, and other technology equipment and fixtures, including smart boards.

MISCELLANEOUS

All listed bond projects include the following as needed:

- Removal of hazardous materials such as asbestos and lead paint as needed.
- Construction and/or installation of access improvements for disabled persons, as required by state and federal law.
- Planning, designing and providing temporary housing necessary for listed bond projects.
- Acquisition of any rights-of-way, easements, and/or real property made necessary by listed bond projects, or lease of real property for the listed school facilities projects.
- Necessary onsite and offsite preparation or restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable buildings, including demolition of structures; removing, replacing, or installing irrigation, drainage, utility lines (gas, water, sewer, electrical, data and voice, etc.), trees and landscaping; relocating fire access roads; and acquiring any necessary easements, licenses, land or rights of way made necessary by listed bond projects.
- Address other unforeseen conditions revealed by construction, renovation or modernization (including plumbing or gas line breaks, dry rot, seismic and structural deficiencies, etc.).
- Acquire or construct storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction.
- For any project involving renovation, rehabilitation or repair of a building or the major portion of a building, the District shall be authorized to proceed with new replacement construction/re-construction instead (including any necessary demolition), if the Board of Trustees of the District determines that replacement and new construction/re-construction is more practical than renovation, rehabilitation and repair, considering the building's age, condition, expected remaining life, comparative cost and other relevant factors.
- Furnishing and equipping of classrooms and other school facilities; furnishing and equipping shall include initial purchases, and scheduled and necessary replacements, upgrades and updating of technology.
- All other costs and work necessary and incidental to the listed bond projects.
- Acquisition of all or a portion of any school site or facility, or an interest therein, or make lease payments with respect to any school site or facility, encumbered in order to finance the listed school facilities projects.

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

FULL TEXT OF BOND MEASURE

Approval of the District's bond measure does not guarantee that all of the identified projects within this Bond Project List will be funded beyond what can be completed with local funds generated by the bond measure. The District plans to pursue funds from the State of California, if available, to complete certain of the identified facilities projects.

The order in which school facilities projects are listed in the Project List does not suggest an order of priority. Project priorities will be determined by the Governing Board. The District is unable to anticipate all unforeseen circumstances which may prevent some of the projects listed above from being undertaken or completed.

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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
Cutten Elementary School District
Eureka, CA

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 L General Obligation Bond Building Fund of Cutten Elementary School District (the "District"), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Measure L General Obligation Bond Building Fund's fund financial statements, and have issued our report thereon dated December 12, 2025.

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 L General Obligation Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure L General Obligation Bond Building Fund'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

Compliance and Other Matters

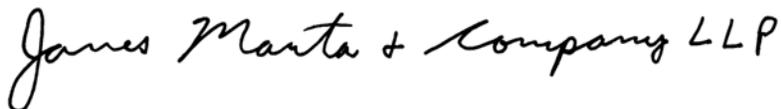
As part of obtaining reasonable assurance about whether the Measure L General Obligation Bond Building Fund's fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 one instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-1.

Government Auditing Standards requires the auditor to perform limited procedures on the Measure L General Obligation Bonds Building Fund's response to finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Measure L General Obligation Bonds Building Fund's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. This report is intended solely for the information and use of management, and the Citizen's Oversight Committee and Governing Board of Cutten Elementary School District, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2025



James Marta & Company

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

Citizen's Oversight Committee
and Governing Board
Cutten Elementary School District
Eureka, CA

Report on Performance

We have completed a performance audit of the Measure L General Obligation Bond Building Fund of the Cutten Elementary School District (the "District") as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated December 12, 2025. 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 L General Obligation Bonds in accordance with Appendix A of the 2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

We conducted our performance audit 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 2024-2025 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 L General Obligation Bond funds for the fiscal year ended June 30, 2025.

Objectives

The objectives of our performance audit was to determine that the District expended the Measure L General Obligation Bond funds for the year ended June 30, 2025 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, 2025. The expenditures included all account and project codes associated with the bond projects. Expenditures before July 1, 2024 and after June 30, 2025 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, 2025.
2. We selected expenditures to ensure compliance with Proposition 39 and Measure L General Obligation Bond funding.
3. We verified the mathematical accuracy of the expenditures included in the Measure L General Obligation Bond Fund detailed general ledger for the fiscal year ended June 30, 2025.
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 L 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 if any funds were 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 Cutten Elementary School District has properly accounted for the expenditures of Measure L 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 Cutten Elementary School District, 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
December 12, 2025

FINDINGS AND RECOMMENDATIONS

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

2025-1 CITIZENS' OVERSIGHT COMMITTEE MEMBERSHIP

Criteria:

The Citizen's Oversight Committee is required by California Education Code Section 15282 to include a minimum of seven members, with at least one member each from the following groups:

1. A member active in a business organization representing the business community located within the District's boundaries.
2. A member active in a senior citizens' organization.
3. A member active in a bona fide taxpayers' organization
4. A member who is a parent or guardian of a child enrolled in the District
5. A member who is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization.

Condition:

The District has not yet been able to fill any of the positions noted above.

Effect:

The District is not in compliance with California Education Code Section 15282.

Cause:

There are a limited number of individuals who are able or willing to serve on the Committee. The District is continuing its efforts to fill the Committee positions, including a notification on the District's webpage link to the bond project that includes a link to an application to serve on the Citizens' Oversight Committee

Fiscal Impact:

There is no fiscal impact.

Repeat Finding:

Yes, see 2024-1.

Recommendation:

We recommend that the District continue its efforts to fill all the required positions on the Citizens' Oversight Committee.

Views of Responsible Officials:

District management agrees with the recommendation and will continue its efforts to fill the positions.

CUTTEN ELEMENTARY SCHOOL DISTRICT

**MEASURE L GENERAL OBLIGATION BOND
BUILDING FUND**

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

2024-1 CITIZENS' OVERSIGHT COMMITTEE MEMBERSHIP

Criteria:

The Citizen's Oversight Committee is required by California Education Code Section 15282 to include a minimum of seven members, with at least one member each from the following groups:

1. A member active in a business organization representing the business community located within the District's boundaries.
2. A member active in a senior citizens' organization.
3. A member active in a bona fide taxpayers' organization
4. A member who is a parent or guardian of a child enrolled in the District
5. A member who is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization.

Condition:

The District has not yet been able to fill any of the positions noted above.

Effect:

The District is not in compliance with California Education Code Section 15282.

Cause:

There are a limited number of individuals who are able or willing to serve on the Committee. The District is continuing its efforts to fill the Committee positions, including a notification on the District's webpage link to the bond project that includes a link to an application to serve on the Citizens' Oversight Committee

Fiscal Impact:

There is no fiscal impact.

Repeat Finding:

Yes, see 2025-1.

Recommendation:

We recommend that the District continue its efforts to fill all the required positions on the Citizens' Oversight Committee.

Views of Responsible Officials:

District management agrees with the recommendation and will continue its efforts to fill the positions.