

LODI UNIFIED SCHOOL DISTRICT

Communications With Those Charged With Governance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lodi Unified School District (the District) for the year ended June 30, 2024. Professional standards require that we provide you with information related to our audit. We are providing the District's Board of Education (Board) with information regarding the scope and results of the audit to assist the Board in overseeing management's financial reporting and disclosure process. This information is intended solely for the use of the Board, Audit Committee, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. The following pages summarize these required communications.

December 10, 2024

Submitted by  **GILBERT**
Tax. Audit. Advisory.

Relax. We got this.SM

MANAGEMENT AND AUDITOR RESPONSIBILITIES

Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS), Government Auditing Standards, Uniform Guidance and 2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting

The financial statements are the responsibility of management. As stated in our engagement contract, our responsibility is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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.

Also in accordance with Uniform Guidance, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the OMB Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

We issued unmodified opinions on the financial statements of the District for the year ended June 30, 2024.

We issued a modified opinion for attendance and After School Education and Safety Programs and an unmodified opinion on the other State programs for the year ended June 30, 2024.

We also issued an unmodified opinion on the District's compliance with its major federal programs in accordance with the Uniform Guidance for the year ended June 30, 2024.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

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| <p>Significant Accounting Policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our amended engagement contract, we will advise management about the appropriateness of accounting policies and their application.</p> | <p>The significant accounting policies used by the District are described in Note 1 to the financial statements.</p> <p>We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.</p> |
| <p>Management Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.</p> | <p>The most sensitive estimates and disclosures affecting the District's financial statements were:</p> <ul style="list-style-type: none">• Management's estimate of the useful lives of capital assets is based on historical experience and industry standards.• Management's estimate of claims liabilities is based on actuarial projections.• Management's selection of the discount rate used in measuring operating lease liabilities and subscription liabilities.• The Net Pension Liability (NPL) is measured as the proportionate share of the NPL. The NPL is measured as of June 30, 2023. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2022 using standard update procedures. Using the District's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the District by CalSTRS and CalPERS actuaries.• The Net OPEB Liability (NOL) is measured as of June 30, 2023. The total OPEB liability (TOL) used to calculate the NOL was determined by an actuarial valuation as of June 30, 2023. <p>We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. In addition, the related financial statement disclosures are neutral, consistent, and clear.</p> |

INTERACTIONS WITH MANAGEMENT

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| Planned Scope and Timing of the Audit | We performed the audit according to the planned scope and timing previously communicated in our engagement contract. |
| Management Consultations with Other Independent Accountants In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. | To our knowledge, there were no such consultations with other accountants. |
| Disagreements with Management For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. | We are pleased to report that no such disagreements arose during the course of our audit. |
| Management Representations | We have requested certain representations from management in a letter to us. |
| Difficulties Encountered in Performing the Audit | We encountered no significant difficulties in dealing with management in performing and completing our audit. Management and staff were well prepared and very cooperative. |

OTHER MATTERS

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| <p>Other Audit Findings or Issues</p> | <p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p> <p>See the findings and questioned costs section of the audit report for state compliance findings.</p> |
| <p>Risk Assessment Process</p> <p>In order to design appropriate audit procedures in accordance with GAAS, the engagement team is required to perform a risk assessment during its audit planning process.</p> | <p>Auditing standards require us to consider the following risks of material misstatement when planning our audit:</p> <ul style="list-style-type: none">• Improper revenue recognition due to fraud.• Management override of controls. <p>As part of our audit planning process, we identified the following additional significant risks of material misstatement which were addressed by our audit procedures:</p> <ul style="list-style-type: none">• Capital asset expenditures.• Debt service expenditures.• Fund balance classifications. |
| <p>Corrected and Uncorrected Misstatements</p> <p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.</p> | <p>The following adjustment identified during the audit was corrected by management:</p> <ul style="list-style-type: none">• Increase inventory and decrease food service expenses by \$248,184 to reflect the corrected inventory count as of June 30, 2024. |

SUPPLEMENTARY INFORMATION

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| <p>Required Supplementary Information</p> <p>Government Accounting Standards Board (GASB) requires certain supplementary information to accompany the District's basic financial statements to be in conformity with generally accepted accounting principles. Such information has been subjected to limited procedures such as inquiries of management about the methods of preparing the information and comparing the information for consistency with the basic financial statements, however, we do not express an opinion because of the limited nature of our procedures.</p> | <p>The following required supplementary information is required to accompany the District's basic financial statements and subjected to limited procedures, but no opinion has been expressed:</p> <ul style="list-style-type: none">• Management's Discussion and Analysis• Budgetary Comparison Schedules – General and Cafeteria Funds• Schedule of Changes in District's Total OPEB Liability and Related Ratios• Schedules of the District's Proportionate Share of the Net Pension Liability - CalSTRS and CalPERS• Schedules of the District's Pension Contributions - CalSTRS and CalPERS |
| <p>Supplementary Information</p> <p>With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p> | <p>The supplementary information section as listed in the table of contents is presented for the purpose of Uniform Guidance and the <i>2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting</i> and in our opinion is fairly stated in all material respects in relation to the financial statements as a whole.</p> |
| <p>Other Information</p> <p>We were not engaged to report on the other information that accompanies the financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.</p> | <p>The other information includes the schedule of the Organization and is the responsibility of management and not covered by the opinion on the financial statements.</p> |