

**LODI UNIFIED SCHOOL DISTRICT
PROPOSITION 39 AND
MEASURE U
GENERAL OBLIGATION BONDS
SACRAMENTO, CALIFORNIA
PERFORMANCE AUDIT
YEAR ENDED JUNE 30, 2020**

**LODI UNIFIED SCHOOL DISTRICT
PROPOSITION 39
AND MEASURE U GENERAL OBLIGATION BONDS**

**TABLE OF CONTENTS
JUNE 30, 2020**

	<u>PAGE</u>
Independent Auditor's Report	1
Objectives	2
Scope of the Audit	2
Background Information	2
Procedures Performed	3
Results of Procedures	4
Conclusion	5

INDEPENDENT AUDITOR'S REPORT

**Board of Education and
Measure U Citizens' Oversight Committee
Lodi Unified School District
Lodi, California**

We have conducted a performance audit of the Lodi Unified School District's (the District) Measure U General Obligation Bonds for the year ended June 30, 2020.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides reasonable basis for the findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 2 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure U General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, the Lodi Unified School District expended Measure U General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Gilbert CPAs
**GILBERT CPAs
Sacramento, California**

December 1, 2020

**LODI UNIFIED SCHOOL DISTRICT
PROPOSITION 39
AND MEASURE U GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT
JUNE 30, 2020**

OBJECTIVES

The objectives of our performance audit were to document the expenditures charged to Measure U General Obligation Bonds (the Measure) which were approved under Proposition 39, determine whether expenditures for fiscal year ended June 30, 2020 charged to the Building Fund have been made in accordance with project budgets and guidelines, note any incongruities or system weaknesses, and provide recommendations for improvements.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year ended June 30, 2020. Expenditures incurred after the issuance of the bonds and prior to July 1, 2019, were covered in previous audits. The expenditures included all object and project codes associated with the Bond projects. Expenditures incurred subsequent to June 30, 2020 were not reviewed or included within the scope of our audit.

BACKGROUND INFORMATION

On November 8, 2016, \$281,000,000 in general obligation bonds were authorized by voter approval of Measure U. The first series of Measure U Bonds in the amount of \$80,000,000 was issued on May 10, 2017 (2017 Issue). The total proceeds from the bond series less the bond issuance costs are to be used to finance the planning, construction, acquisition, furnishing, and equipping of district facilities.

The second series of Measure L Bonds in the amount of \$110,000,000 was issued on January 1, 2020 (2020 issue). The total proceeds from the bond series less the bond issuance costs are to be used to modernize, replace, renovate, construct, and rebuild District Facilities, including playgrounds and athletic fields.

A Citizens Oversight Committee (the Committee) was appointed to comply with the California Constitution and the Education Code. The purpose of the Committee is to monitor and report on the expenditure of the Measure's bond proceeds, and to inform the public concerning the expenditure of the bond proceeds. Section 1(b)(3) of Article XIII A of the California Constitution requires an annual performance audit be conducted to ensure that the funds have been expended only on the specific projects publicized by the District.

**LODI UNIFIED SCHOOL DISTRICT
PROPOSITION 39
AND MEASURE U GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT
JUNE 30, 2020**

PROCEDURES PERFORMED

We obtained the Building Fund general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2020. Within the year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the Proposition 39 and Measure U General Obligation Bond funding. We performed the following procedures:

- We reviewed the list of projects being performed to verify that the list of intended projects is consistent with the District's Facilities Project List.
- We verified that the District created the required debt service fund and capital outlay fund in order to account for the bond proceeds and expenditures.
- We verified that the proceeds from the sale of bonds were deposited in an appropriate debt service fund and a capital outlay projects fund.
- We determined that the Committee is fulfilling its duties as outlined in the Citizens' Bond Oversight Committee Bylaws.
- We selected a sample of expenditures in the fiscal year ended June 30, 2020, and reviewed supporting documentation to ensure that funds were properly expended on the specific projects outlined on the publicized list and met the requirements for bidding, if applicable.
- We verified that funds were used for the construction, acquisition, furnishing, and equipping of District facilities, and we verified that funding was not used for salaries of school administrators or other operating expenses of the District.

**LODI UNIFIED SCHOOL DISTRICT
PROPOSITION 39
AND MEASURE U GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT
JUNE 30, 2020**

RESULTS OF PROCEDURES PERFORMED

The District utilized Measure U Bond funds for 51 projects. The District incurred total expenditures of \$49,638,298 through June 30, 2020, for the Measure U projects listed below.

<u>Description</u>	<u>Prior Activities</u>	<u>June 30, 2020 Activities</u>	<u>Total</u>
Sources:			
Bond Proceeds	\$ 80,000,000	\$ 110,000,000	\$ 190,000,000
Other	2,899,430	2,918,656	5,818,086
	<u>82,899,430</u>	<u>112,918,656</u>	<u>195,818,086</u>
Uses:			
Undesignated Facility & Planning (0000/5510/5800)	621,549	675,067	1,296,616
Parking Lot Safety Improvement @ Westwood (8056)	-	64	64
Tokay HS Athletic Field Improvements (8118)	6,147,612	449,798	6,597,410
Westwood Roofing Project (8201)	649,773	-	649,773
Bear Creek Painting Project (8202)	481,090	-	481,090
McNair Painting Project (8203)	568,104	-	568,104
Joe Serna Roofing Project (8204)	698,128	-	698,128
Lodi HS Renovation Project (8206)	879,395	8,643,693	9,523,088
Houston Modernization (8207)	31,714	1,146,753	1,178,467
Lodi MS Fire Alarm Upgrade (8208)	634,423	52,133	686,556
Ansel Adams Facility Improvements (8209)	1,637	-	1,637
Beckman Parking Lot/Playground (8210)	343,937	437,373	781,310
Lois E Borchardt Facility Improvements (8211)	3,331	-	3,331
Clairmont Facility Improvements (8212)	2,682	-	2,682
Creekside Facility Improvements (8213)	7,307	238,804	246,111
Davis Facility Improvements (8214)	25,031	63,440	88,471
Elkhorn Facility Improvements (8215)	25,848	86,200	111,868
Heritage Fire Alarm Upgrade (8216)	84,578	1,056,061	1,140,639
Clyde W Needham Modernization (8217)	395,288	2,639,695	3,034,983
John Muir Facility Improvements (8218)	1,802	-	1,802
Lodi HS Pool Project (8219)	-	325,586	325,586
Julia Morgan Facility Improvements (8220)	1,053	-	1,053
Lakewood Facility Improvements (8221)	37,250	262,922	300,172
Ellerth E Larson Facility Improvements (8222)	3,543	-	3,543
Lawrence Elementary (8223)	8,263	317,098	325,361
Live Oak Parking Lot/Playground (8224)	339,291	451,534	790,825
Lockeford Facility Improvements (8225)	101,830	532,187	634,017
George Lincoln Mosher Facility Improvements (8226)	608	-	608
Leroy Nichols Facility Improvements (8227)	7,617	-	7,617
Oakwood Facility Improvements (8228)	3,160	-	3,160
Parklane Facility Improvements (8229)	14,132	378,546	392,678
Podesta Ranch Facility Improvements (8230)	108	-	108
Reese Parking Lot/Playground (8231)	276,202	370,047	646,249
Manlio Silva Facility Improvements (8232)	485	-	485
Sutherland Facility Improvements(8233)	3,277	-	3,277
Turner Academy Facility Improvements (8234)	4,121	90,150	94,271
Victor Fire Alarm Upgrade (8235)	49,287	134,119	183,406
Vinewood Facility Improvements (8236)	23,521	286,413	309,934
Wagner-Holt Facility Improvements (8237)	6,249	-	6,249
George Washington Facility Improvements (8238)	23,864	95,762	119,626
Woodbridge Facility Improvements (8239)	10,726	-	10,726
Christa McAuliffe MS Facility Improvements (8240)	8,073	179,385	187,458
Delta Sierra MS Facility Improvements (8241)	3,247	-	3,247
Henderson MS Facility Improvements (8242)	96	31,319	31,415
Millswood MS Facility Improvements (8243)	1,398	-	1,398
Morada MS Facility Improvements (8244)	19,357	38,494	57,851
Liberty HS Facility Improvements (8245)	2,673	115,850	118,523
Plaza Robles HS Facility Improvements (8246)	4,836	462,683	467,519
Tokay HS Facility Improvements (8247)	623,497	3,647,960	4,271,457
Lincoln Technical Academy Fac Imprv (8248)	1,347	-	1,347
M&O Facility - Guild (8993)	1,703,745	11,543,257	13,247,002
	<u>14,886,085</u>	<u>34,752,213</u>	<u>49,638,298</u>
Ending Balance	<u>\$ 68,013,345</u>	<u>\$ 78,166,443</u>	<u>\$ 146,179,788</u>

**LODI UNIFIED SCHOOL DISTRICT
PROPOSITION 39
AND MEASURE U GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT
JUNE 30, 2020**

CONCLUSION

Based upon the procedures performed, we found that for the items tested, the Lodi Unified School District has properly accounted for the expenditures of the Measure U General Obligation Bonds. 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.