

This annual report is submitted in accordance with section 7(b) of the Bylaws for the Lodi Unified School District Measure U Citizens' Oversight Committee. In accordance with the Bylaws, this report is being presented to the Lodi Unified School District (LUSD) Board of Education after the completion of the annual audit of the year-end close of the District's financial records. Accordingly, it meets all of the requirements outlined in the bylaws. The report was reviewed and approved by the full Committee on November 27, 2023.

Overview

In 2000, California voters passed Proposition 39 to amend California's Constitution, including Articles XIII A, allowing school districts the option to pursue school bonds with a lower voter threshold of 55%, but put in place restrictions, oversight, audits and disclosures on the expenditure of bond funds. This proposition, along with accompanying legislation, Assembly Bill (AB) 1908, requires a Citizens' Oversight Committee review and report on the expenditure of taxpayer's money.

In 2016, Lodi Unified School District voters approved Measure U, a Proposition 39 School Bond authorizing the District to issue \$281 million in general obligation funds. In accordance with Proposition 39 and AB 1908, an oversight committee was formed to oversee Measure U activities. The Bylaws of Measure U and Education Code 15278-15282 require the Committee to consist of seven members. During the period of this report the Committee included the following members: Michael Mark, Terrie Hedden, Stephanie Hammond and Claudia Mennuti. The committee had a new member of Ron Herberle and two open committee member seats. The Committee failed to meet in fiscal year 2021-2022 as we struggle to retain the required members to meet quorum.

Additionally, regular Committee meeting participants have included Vickie Brum, Adina Andris, Amberly Kidder, and Leonard Kahn. These individuals are staff members of the Lodi Unified School District, and have provided financial reports, project progress reports and relevant information as requested.

Summary of Measure U Committee's Activities

All activities of the Committee are governed by the Bylaws. The activities performed by the Committee this year included the following:

- Approved meeting schedule.
- Received and reviewed Audited Financial Statements for fiscal year 2021 and 2022.
- Reviewed and accepted the Performance Audit for the Fiscal Year ending June 30, 2021 and June 30, 2022.
- Reviewed new and ongoing Measure U projects to ensure they are within the scope of the school facilities projects as detailed in the Measure U text.

- Reviewed Measure U Bond funds for 52 projects.
- Reviewed incurred total expenditures of \$162,329,673 through June 30, 2022, for the Measure U projects.
- Reviewed quarterly financial reports.

Measure U Tax Rate Estimate

In accordance with California Constitution Art. XIII A, Section 1(b) (3), the estimated tax to be levied cannot exceed \$60 per \$100,000 assessed of the property value. The Committee is required to advise the public, under Bylaws Section 7(b) (2), whether the estimated tax to be levied exceeds \$60 per \$100,000 assessed value.

The Average Annual Tax per \$100,000.00 of Assessed Property Value for the year ending 2020-2021 was \$56.40 per \$100,000. Unfortunately for the year ending 2021-22 the county over collected for Measure U at a rate of \$68.70. To fix this issue the following year, 2022-23 the rate dropped to \$33.50 per \$100,000

LUSD 2019-2020 Financial Statements with Independent Auditor's Report

The 2020-2021 and 2021-2022 Financial Audit Report, was prepared by Gilbert Associates, Inc.. In addition to the Financial Audit Report, the Committee received the Performance Audit of Measure U Bond expenditures. The findings are as follows:

- Procedures performed verified expenditures agreed to the supporting documentation including requisitions, invoices, purchase orders and construction contracts.
- Procedures performed verified expenditures were in compliance with the regulations of the Article XIII A, Section 1 (b) (3) of the California Constitution and construction projects outlined by Measure U.
- Procedures performed verified expenditures were not used for teacher and administrative salaries or other school operating expenses as required by section 7(b)(3) of the Bylaws.
- Verified the District Created the required debt service fund and capital outlay fund in order to account for the bond proceeds and expenditures.

Conclusion

The Measure U Citizen's Oversight Committee members have concluded Lodi Unified to be in compliance with the requirements set forth by the Measure U Bond election and its bylaws.