

This annual report is submitted in accordance with section 7(b) of the Bylaws for the Lodi Unified School District Measure L Citizens' Oversight Committee. In accordance with the Bylaws, this report is being presented to the Lodi Unified School District (LUSD) Board of Education within the required 60 days 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 March 16, 2017.

Overview

Proposition 39 amended California's Constitution, including Articles XIII A, to allow 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 how the bond funds are expended. 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.

The Bylaws of Measure L and Education Code 15278-15282 require the Committee consist of seven members. During the period being reported on, the Committee included the following members:

Current Members: Jeff Seybold, David Mierkey, Homar Juarez, Alex Padilla, Tony Espinosa and Marie Thao

Additionally, regular Committee meeting participants have included Angel Murnan and Warren Sun. These individuals are staff members of the Lodi Unified School District, and have provided, at Committee meetings, financial reports, project progress reports and additional LUSD information.

Summary of Measure L Committee's Activities

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

- Received and reviewed Audited Financial Statements for fiscal year 2015– 2016.
- Reviewed and accepted the Performance Audit for the Fiscal Year ending June 30, 2016.
- Reviewed new and ongoing Measure L projects to ensure they are within the scope of the school facilities projects detailed in the Measure L text
- Monitored the progress of ongoing Measure L projects.
- Reviewed quarterly financial reports,
- Conducted onsite visits at Bear Creek High School, Delta Sierra, and Creek Side for the inspection of completed Measure L projects to ensure compliance with Measure L bond requirements. This visit included viewing the completed Bear Creek athletic field.



1305 E. Vine Street
Lodi, CA 95240-3418

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MEASURE L CITIZENS' OVERSIGHT COMMITTEE

- Monitored all LUSD Board of Education agendas for any agenda items related to Measure L projects or issues.

Measure L Tax Rate Estimate

In accordance with Section 7(b)(2) of the Bylaws, the Committee is required to provide advice to the public (annually/quarterly) whether the estimated tax to be levied exceeds \$60 per \$100,000 assessed value (Cal. Const. Art. XIII A, Section 1(b) (3).)

The Average Annual Tax per \$100,000.00 of Assessed Property Value for the year ending 2015-2016 was \$60.00.

The tax rate for Lodi Unified Schools is as follows:

Lodi Unified School District	Bond	.0600
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The above tax rates are per \$100,000.00 property assessed value. Consequently, the average annual tax for 2015-2016 is \$60.00 per \$100,000.00. This rate is a reduction from the 2014-2015 rate of \$60.60 per \$100,000 of assessed value

In accordance with Cal. Const. Art. XIII A, Section 1(b) (3), the estimated tax to be levied cannot exceed \$60 per \$100,000 assessed values. Accordingly, the tax of \$60.00 per \$100,000.00, assessed by the San Joaquin County Board of Supervisors for 2015-2016 is within the allowable limit and complies the Measure L Bond requirement.

LUSD 2015-2016 Financial Statements with Independent Auditor's Report

During the December 7, 2016 Measure L Committee's meeting the Committee received and reviewed the 2015-2016 Financial Audit Report prepared by Gilbert Associates, Inc. and presented by the LUSD Director/Controller Angel Murnan. In addition to the Financial Audit Report, the Committee received the Performance Audit of Measure L 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 L.
- 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.

- Lastly, the sampling verified expenditures to be in compliance with the District's system for monitoring project expenditures.

Measure L Committee Findings and Observations

Below are the 2015-2016 Measure L Bond Oversight Committee findings and observations:

Findings: None

Observations:

1. The Measure L Citizens' Oversight Committee is currently meeting with six members, one below the seven member minimum required by Education Code Section 15282 (a). Additionally, three of the current members have indicated they will be rotating off the committee in the next twelve months.

The Committee's intent is to provide advance notice of upcoming vacancies and ensure the Board of Education has ample time to appoint new members.

Conclusion

The Measure L Citizen's Oversight Committee members have concluded LUSD is in compliance with the requirements set forth by the Measure L Bond election and its bylaws.