



ANNUAL REPORT

July 1, 2014 Through June 30, 2015

1305 E. Vine Street

Lodi, CA 95240-3418

MEASURE L CITIZENS' OVERSIGHT COMMITTEE

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 Committee during its special meeting held February 4, 2016.

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, Donald Romero, Homar Juarez, Alex Padilla, Tony Espinosa and Marie Thao

Previous Members (termed out in January 2015): Lester Patrick, David Jimenez, Phillip Estrada and Kevin Thompson

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.

Board member Ralph Womack attended the walkthrough of the newly completed Bear Creek athletic field. Additionally, Mr. Womack offered insight into school board activities and answered Committee questions. His attendance was welcomed and appreciated by all Committee members.

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 2014– 2015.
- Reviewed and accepted the Performance Audit for the Fiscal Year ending June 30, 2015.
- 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.
- Monitored all LUSD Board of Education agendas for any agenda items related to Measure L projects or issues.
- Reviewed the tenure of current Measure L Committee members, and determined four had exceeded the term limits allowed under the Education Code section 15282. The four members were termed out in January 2015, and replaced with members David Mierkey, Maria Thao, Alex Padilla and Donald Romero.

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 is prohibited from exceeding \$60.00. The Average Annual Tax per \$100,000.00 of Assessed Property Value for the year ending 2014-2015 was \$60.60 as shown below. Consequently, that figure does not fall within the allowable Average Annual Tax per \$100,000.00 of Assessed Property Value.

The tax rate for Lodi Unified Schools is as follows:

Lodi Unified School District	Bond	.0606
------------------------------	------	-------

The above tax rates are per \$100,000.00 property assessed value. Consequently, the average annual tax for 2014-2015 is \$60.60 per \$100,000.00. This rate is a reduction from the 2013-2014 rate of \$63.10 per \$100,000 of assessed value, and can be attributed to the increase in property values.

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 \$60.60 per \$100,000.00 assessed by the San Joaquin County Board of Supervisors for 2014-2015 is above the allowable \$60.00 per \$100,000.00 assessed value allowed and does violate the Measure L Bond requirement.

LUSD 2014-2015 Financial Statements with Independent Auditor's Report

During the January 21, 2015 Measure L Committee's meeting the Committee received and reviewed the 2014-2015 Financial Audit Report prepared by Gilbert Associates, Inc. and presented by the LUSD Director/Controller Maria Fong. 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 findings and observations of the Measure L Bond Oversight Committee.

Findings:

1. The Committee identified an issue with Measure L Committee members whose time served exceeded the term limits specified in Education Code section 15282 and detailed in the Measure L Committee bylaws. Consequently, 4 of the total 7 committee members termed out and have been replaced. The Committee thanks those members who have sacrificed time and served the community.
2. The \$60.60 per \$100,000.00 assessed by the San Joaquin County Board of Supervisors for 2014-2015 is above the allowable \$60.00 per \$100,000.00 assessed value allowed under the Measure and does violate the Measure L Bond requirement.

Observations:

1. The Committee has identified project(s) that do not clearly fall under the list of taxpayer approved Measure L projects. These include the relocation of a portable at Oakwood School with a projected budget of \$20,000.
2. The committee asks the district to review the current list of Measure L projects and ensure all projects using Measure L funding were originally identified in the list of Measure L school facilities projects.

The Committee asks LUSD to provide the results of the project review at the March 29, 2016 Measure L Oversight Committee/Meeting.

Conclusion

The Measure L Citizen's Oversight Committee members have concluded, with the exception of the 2014/2015 tax rate, LUSD is in compliance with the requirements set forth by the Measure L Bond election and its bylaws.