

LODI BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Lodi, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Lodi Board of Education

Lodi, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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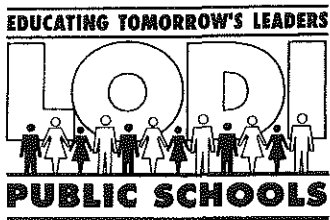
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INTRODUCTORY SECTION



OFFICE OF THE BOARD SECRETARY/BUSINESS ADMINISTRATOR

Lincoln School Building • 8 Hunter Street • P.O. Box 815 • Lodi, New Jersey 07644
Phone: (973) 778-4920 • Fax: (973) 778-1175

MARC A. CAPIZZI
Board Secretary
Business Administrator

September 16, 2016

Honorable President and Members
of the Board of Education
Lodi, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Lodi School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Lodi Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements, combining and individual fund financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), and the State OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Lodi Board of Education is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds of the District of the District are included in this report. The Lodi Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped students.

2. ECONOMIC CONDITION AND OUTLOOK: The Lodi area is substantially developed which both residential and industrial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable.

3. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

5. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements". Note 1.

6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the act.

7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

8. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and State OMB Circular 15-08 OMB. The auditor's report on financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office Staff.

Respectfully submitted,



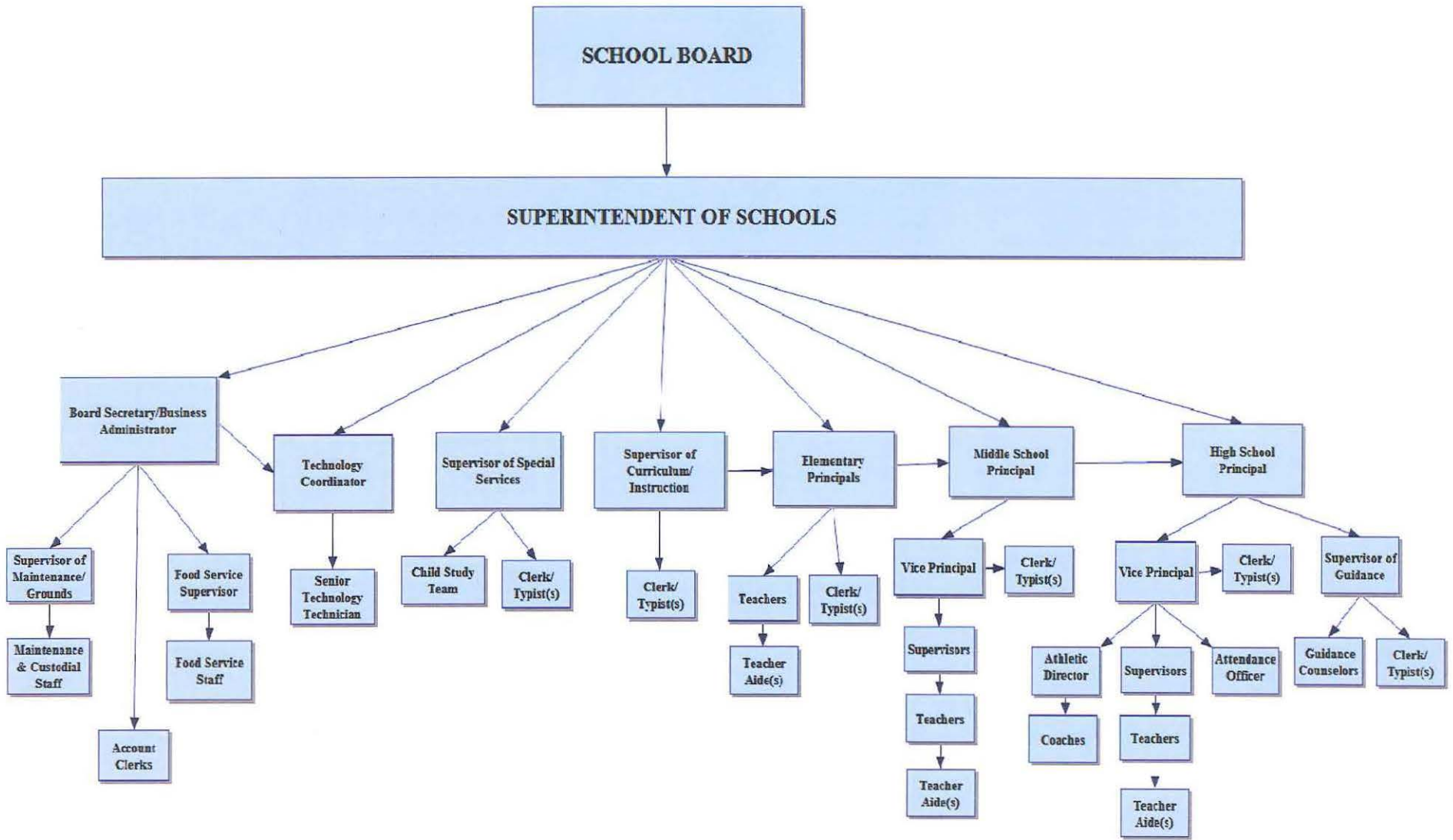
Frank Quatrone
Superintendent of Schools



Marc A. Capizzi
Board Secretary/Business Administrator

Lodi Board of Education Organizational Plan and Flow Chart

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**LODI BOARD OF EDUCATION
LODI, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph J. Licata - President	2018
Nicholas Vara - Vice President	2016
Jonathan Carafa	2017
Philip F. Carbonetti	2018
Michael J. Nardino	2018
Carole L. D'Amico	2016
Robert Marra	2017
Dominic Miller	2016
Jeffrey Telep	2017

Other Officials

Frank Quatrone, Superintendent

Marc Capizzi, Board Secretary/School Business Administrator

LODI BOARD OF EDUCATION

Consultants & Advisors

June 30, 2016

Independent Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208 North
Fair Lawn, NJ 07410

Attorney

Alisa N. Di Chiara, Esq.
45 Essex Street
Hackensack, New Jersey 07601

Official Depositories

Bank of America N.A.
TD Bank
The Bank of New York, Mellon

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Lodi Board of Education
Lodi, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lodi Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lodi Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

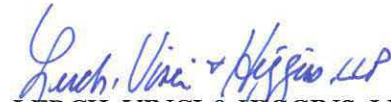
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lodi Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Lodi Board of Education.


The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical section have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2016 on our consideration of the Lodi Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Lodi Board of Education's internal control over financial reporting and compliance.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
September 16, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

This section of the Lodi Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- Assets and deferred outflows of resources of the Lodi Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$31,590,049.
- Overall district revenues were \$69,601,043. The Board also received donations of capital assets totaling \$6,945. General revenues accounted for \$51,218,270 or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,382,773 or 26% of total revenues.
- The school district had \$68,066,387 in expenses for governmental activities; only \$17,031,771 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$10,500,294.
- The General Fund fund balance (GAAP Basis) at June 30, 2016 was \$3,151,162 a decrease of \$6,526,761 from the June 30, 2015 balance. This decrease is primarily attributable to the transfer of \$7.5 million to the capital projects fund in order to fund the cost of a new administration/child study team building.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

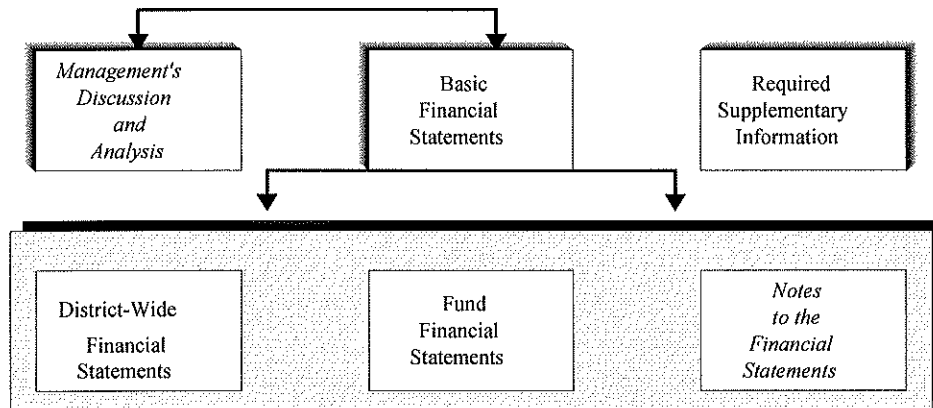
LODI BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The various parts of this annual report are arranged and related to one another, as noted below.



LODI BOARD OF EDUCATION

Management's Discussion and Analysis

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, special education, building maintenance and community education	Activities the district operates similar to private businesses: enterprise funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, payroll agency, and student activities
Required financial statements	Statements of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statements of fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows/deferred inflows/liability information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, liabilities, and deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or position.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

District-Wide Financial Statements (continued)

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund is included under this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (continued)

Enterprise Funds – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund, the Food Service (Cafeteria) Enterprise Fund.

- *Fiduciary Funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a Board's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,590,049 as of June 30, 2016.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current Assets	\$ 11,201,089	\$ 10,619,057	\$ 334,960	\$ 407,062	\$ 11,536,049	\$ 11,026,119
Capital Assets	35,288,373	35,597,931	300,098	266,427	35,588,471	35,864,358
Total Assets	<u>46,489,462</u>	<u>46,216,988</u>	<u>635,058</u>	<u>673,489</u>	<u>47,124,520</u>	<u>46,890,477</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	68,908				68,908	-
Deferred Amounts on Net Pension Liability	1,573,090	510,018	-	-	1,573,090	510,018
Total Assets & Deferred Outflows of Resources	<u>48,131,460</u>	<u>46,727,006</u>	<u>635,058</u>	<u>673,489</u>	<u>48,766,518</u>	<u>47,400,495</u>
Liabilities						
Long-Term Liabilities	16,051,174	14,590,652			16,051,174	14,590,652
Other Liabilities	715,495	815,037	9,634	16,875	725,129	831,912
Total Liabilities	<u>16,766,669</u>	<u>15,405,689</u>	<u>9,634</u>	<u>16,875</u>	<u>16,776,303</u>	<u>15,422,564</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			4,894	8,026	4,894	8,026
Deferred Amounts on Net Pension Liability	395,272	542,353	-	-	395,272	-
Total Liabilities & Deferred Inflows of Resources	<u>17,161,941</u>	<u>15,948,042</u>	<u>14,528</u>	<u>24,901</u>	<u>17,176,469</u>	<u>15,430,590</u>
Net Position						
Net Investment in Capital Assets	32,826,729	32,817,931	300,098	266,427	33,126,827	33,084,358
Restricted	9,235,108	8,472,291			9,235,108	8,472,291
Unrestricted (Deficit)	(11,092,318)	(10,511,258)	320,432	382,161	(10,771,886)	(10,129,097)
Total Net Position	<u>\$ 30,969,519</u>	<u>\$ 30,778,964</u>	<u>\$ 620,530</u>	<u>\$ 648,588</u>	<u>\$ 31,590,049</u>	<u>\$ 31,427,552</u>

LODI BOARD OF EDUCATION
Management's Discussion and Analysis

	Change in Net Position					
	For The Fiscal Years Ended June 30, 2016 and 2015					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ 109,712	\$ 119,939	\$ 437,137	\$ 458,194	\$ 546,849	\$ 578,133
Operating Grants and Contributions	16,756,882	14,696,528	913,865	886,686	17,670,747	15,583,214
Capital Grants and Contributions	165,177	405,010			165,177	405,010
General Revenues						
Property Taxes	39,028,935	38,878,553			39,028,935	38,878,553
State and Federal Aid	11,956,668	11,984,254			11,956,668	11,984,254
Other	232,623	341,201	44	30	232,667	341,231
Donations	6,945	72,923	-	-	6,945	72,923
Total Revenues/Donations	<u>68,256,942</u>	<u>66,498,408</u>	<u>1,351,046</u>	<u>1,344,910</u>	<u>69,607,988</u>	<u>67,843,318</u>
Expenses						
Instruction						
Regular	26,280,042	25,286,800			26,280,042	25,286,800
Special Education	15,749,984	14,968,663			15,749,984	14,968,663
Other	1,867,675	2,109,553			1,867,675	2,109,553
School Sponsored Activities and Athletics	857,029	797,017			857,029	797,017
Support Services						
Student and Instruction Related Services	8,505,882	7,399,427			8,505,882	7,399,427
General Administration	1,431,245	1,146,902			1,431,245	1,146,902
School Administration	3,668,600	3,677,520			3,668,600	3,677,520
Plant Operations and Maintenance	6,285,496	5,923,142			6,285,496	5,923,142
Student Transportation	2,191,051	1,754,530			2,191,051	1,754,530
Business Services	1,050,862	1,017,553			1,050,862	1,017,553
Interest on Long Term Debt and Other Chgs	171,998	204,430			171,998	204,430
Loss on Disposal of Capital Assets	6,523		3,511		10,034	-
Food Services	-	-	1,375,593	1,365,030	1,375,593	1,365,030
Total Expenses	<u>68,066,387</u>	<u>64,285,537</u>	<u>1,379,104</u>	<u>1,365,030</u>	<u>69,445,491</u>	<u>65,650,567</u>
Net Change in Net Position	190,555	2,212,871	(28,058)	(20,120)	162,497	2,192,751
Net Position, Beginning of Year	<u>30,778,964</u>	<u>28,566,093</u>	<u>648,588</u>	<u>668,708</u>	<u>31,427,552</u>	<u>29,234,801</u>
Net Position, End of Year	<u>\$ 30,969,519</u>	<u>\$ 30,778,964</u>	<u>\$ 620,530</u>	<u>\$ 648,588</u>	<u>\$ 31,590,049</u>	<u>\$ 31,427,552</u>

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$68,256,942 for the fiscal year ended June 30, 2016. Property taxes of \$39,028,935 represented 57 percent of revenues. Another significant portion of revenues came from Government aid; total State, Federal, Local Aid was \$28,878,727. Another source of revenues is miscellaneous income which includes items such as rentals, prior year refunds, etc. The smallest component of revenues is charges for services which includes tuition from other LEAs.

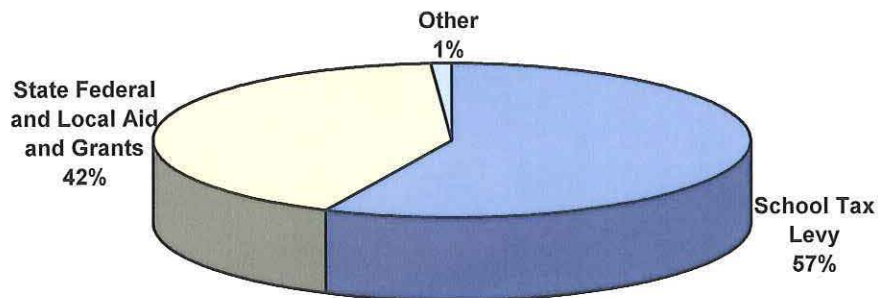
LODI BOARD OF EDUCATION

Management's Discussion and Analysis

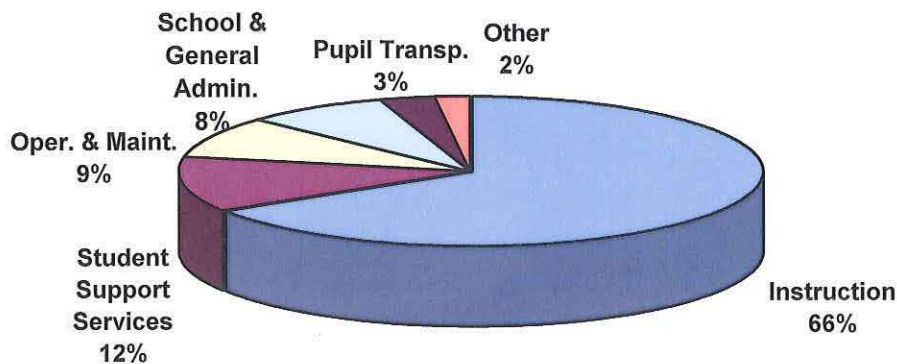
The total cost of all governmental activities programs and services was \$68,066,387. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$44,754,730 (66%) of total expenditures. Student support services, exclusive of administration, total \$8,505,882 or (12%) of total expenditures.

Total governmental activities revenues and donations surpassed expenses and losses on disposal of assets increasing net position by \$190,555 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2015/16



Expenditures by Type- Governmental Activities
For Fiscal Year 2015/16



LODI BOARD OF EDUCATION

Management's Discussion and Analysis

Net Cost of Governmental Activities. The District's total cost of services was \$68,059,864. After applying program revenues, charges for services of \$109,712; operating grants and contributions of \$16,756,882; and capital grants and contributions of \$165,177; the net cost of services of the District is \$51,028,093.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 26,280,042	\$ 25,286,800	\$ 15,413,637	\$ 18,273,530
Special Education	15,749,984	14,968,663	13,707,179	10,427,139
Other Instruction	1,867,675	2,109,553	1,268,411	1,544,285
School Sponsored Activities and Athletics	857,029	797,017	626,971	608,517
Support Services				
Student and Instruction Related Services	8,505,882	7,399,427	6,648,699	5,984,645
General Administrative Services	1,431,245	1,146,902	1,335,821	1,068,643
School Administrative Services	3,668,600	3,677,520	2,945,709	3,095,859
Plant Operations and Maintenance	6,285,496	5,923,142	5,895,132	5,294,109
Pupil Transportation	2,191,051	1,754,530	2,056,762	1,620,936
Business Services	1,050,862	1,017,553	957,774	941,967
Interest on Long-Term Debt and Other Chgs	171,998	204,430	171,998	204,430
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 68,059,864</u>	<u>\$ 64,285,537</u>	<u>\$ 51,028,093</u>	<u>\$ 49,064,060</u>

Business-Type Activities – The District's total business-type activities revenues were \$1,351,046 for the fiscal year ended June 30, 2016. Charges for services accounted for 32% of total revenues. Operating grants and contributions accounted for 68% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,375,593. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District. In addition, the District had a loss on the disposal of capital assets of \$3,511.

Total business-type activities expenses surpassed revenues decreasing net position by \$28,058 from the prior year balance.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$10,500,294. At June 30, 2015, the fund balance was \$9,850,156.

Revenues for the District's governmental funds were \$62,106,236, while total expenses were \$61,582,853.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

	Fiscal Year Ended		Increase (Decrease)	Percentage Change
	June 30, 2016	June 30, 2015		
Local Sources				
Property Tax Levy	\$ 38,510,840	\$ 38,330,150	\$ 180,690	0.5%
Tuition	109,712	119,939	(10,227)	-8.5%
Miscellaneous	232,005	236,116	(4,111)	-1.7%
State Sources	20,020,371	19,165,840	854,531	4.5%
Federal Sources	97,835	116,484	(18,649)	-16.0%
Total General Fund Revenues	<u>\$ 58,970,763</u>	<u>\$ 57,968,529</u>	<u>\$ 1,002,234</u>	1.7%

Total General Fund Revenues increased by \$1,002,234 or 1.7% over the previous year.

Local property taxes increased .5% over the previous year, however, State aid revenues increased due to the increases in state on-behalf TPAF pension.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		Increase (Decrease)	Percentage Change
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Instruction	\$ 37,684,960	\$ 37,026,785	\$ 658,175	1.8%
Support Services	19,345,773	17,970,230	1,375,543	7.7%
Debt Service	33,244	33,244	-	0.0%
Capital Outlay	<u>899,341</u>	<u>2,074,416</u>	<u>(1,175,075)</u>	-56.6%
Total Expenditures	<u>\$ 57,963,318</u>	<u>\$ 57,104,675</u>	<u>\$ 858,643</u>	1.5%

Total General Fund expenditures increased \$858,643 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2015/2016 school year and the state on-behalf TPAF pension.

In 2015-2016 General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$6,526,761. As a result, total fund balance decreased to \$3,151,162 at June 30, 2016. After deducting restricted, committed and assigned fund balances, the unassigned fund balance deficit at June 30, 2016 is \$500,082. The deficit is attributable to the timing differences in the recognition of state aid payments. State aid payments delayed until July 2016 totaled \$1,879,523. The District's unassigned fund balance (budgetary basis) is \$1,379,441.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and local sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$2,451,583, for the fiscal year ended June 30, 2016. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 74% of the total revenue for the year. The General Fund contributed \$125,379 towards preschool education programs.

Expenditures of the Special Revenue Fund were \$2,571,728. Instructional expenditures were \$2,204,452 and support services expenditures were \$367,276.

Capital Projects – Revenues and other financing sources exceeded expenditures and other financing uses by \$7,142,113 resulting in a fund balance of \$7,369,667 at June 30, 2016. The District transferred \$7.5 million from the General Fund Capital Reserve to finance the construction of a new administration/child study team building.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

Enterprise Funds - The District uses Enterprise Funds to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of prior year purchase orders (June 30, 2015 encumbrances).
- Appropriation of capital reserve funds for the construction of a new administration/child study team building.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$35,288,373 (net of accumulated depreciation). The capital assets consist of land, construction in progress, buildings, building improvements, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2015-2016 amounted to \$1,641,827 for governmental activities and \$29,291 for business-type activities.

Capital Assets at June 30, 2016 and 2015
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land and Site Improvements	\$ 8,952,928	\$ 8,618,717			\$ 8,952,928	\$ 8,618,717
Building and Building Improvements	25,710,234	25,296,130			25,710,234	25,296,130
Machinery and Equipment	440,604	463,422	\$ 300,098	\$ 266,427	740,702	729,849
Construction in Progress	<u>184,607</u>	<u>1,219,662</u>	<u>-</u>	<u>-</u>	<u>184,607</u>	<u>1,219,662</u>
Total Capital Assets (Net)	<u>\$ 35,288,373</u>	<u>\$ 35,597,931</u>	<u>\$ 300,098</u>	<u>\$ 266,427</u>	<u>\$ 35,588,471</u>	<u>\$ 35,864,358</u>

Additional information on the District's capital assets are presented in Note 3 of this report.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$2,927,032, lease purchase obligations of \$2,520,000, and net pension liability for the Public Employees' Retirement System of \$10,593,590.

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

Outstanding Long-Term Liabilities

	<u>2016</u>	<u>2015</u>
Obligations Under Lease Purchase	\$ 2,520,000	\$ 2,780,000
Net Pension Liability	10,593,590	9,100,717
Compensated Absences	<u>2,927,032</u>	<u>2,709,935</u>
Total Long-Term Liabilities	<u>\$ 16,040,622</u>	<u>\$ 14,590,652</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District is in excellent financial condition. Everyone associated with the Lodi Board of Education is grateful for the community support.

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Lodi Board of Education, 8 Hunter Street, Lodi, NJ 07644.

FINANCIAL STATEMENTS

**LODI BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 10,533,272	\$ 174,572	\$ 10,707,844
Receivables, net			-
Receivables from Other Governments	651,906	133,175	785,081
Other	15,911		15,911
Inventory		27,213	27,213
Capital Assets			
Not Being Depreciated	8,176,312		8,176,312
Being Depreciated, Net	<u>27,112,061</u>	<u>300,098</u>	<u>27,412,159</u>
Total Assets	<u>46,489,462</u>	<u>635,058</u>	<u>47,124,520</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	68,908		68,908
Deferred Amounts on Net Pension Liability	<u>1,573,090</u>	<u>-</u>	<u>1,573,090</u>
Total Deferred Outflows of Resources	<u>1,641,998</u>	<u>-</u>	<u>1,641,998</u>
Total Assets and Deferred Outflows of Resources	<u>48,131,460</u>	<u>635,058</u>	<u>48,766,518</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	688,219	9,634	697,853
Payable to State Government	12,576		12,576
Accrued Interest Payable	14,700		14,700
Noncurrent Liabilities			
Due Within One Year	540,000		540,000
Due Beyond One Year	<u>15,511,174</u>	<u>-</u>	<u>15,511,174</u>
Total Liabilities	<u>16,766,669</u>	<u>9,634</u>	<u>16,776,303</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		4,894	4,894
Deferred Amounts on Net Pension Liability	<u>395,272</u>	<u>-</u>	<u>395,272</u>
Total Deferred Inflows of Resources	<u>395,272</u>	<u>4,894</u>	<u>400,166</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,161,941</u>	<u>14,528</u>	<u>17,176,469</u>
NET POSITION			
Net Investment in Capital Assets	32,826,729	300,098	33,126,827
Restricted for:			
Debt Service	29,561		29,561
Capital Projects	9,205,547		9,205,547
Unrestricted	<u>(11,092,318)</u>	<u>320,432</u>	<u>(10,771,886)</u>
Total Net Position	<u>\$ 30,969,519</u>	<u>\$ 620,530</u>	<u>\$ 31,590,049</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**LODI BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction							
Regular	\$ 26,280,042	\$ 65,285	\$ 10,801,120		\$ (15,413,637)		\$ (15,413,637)
Special Education	15,749,984	44,427	1,998,378		(13,707,179)		(13,707,179)
Other Instruction	1,867,675		599,264		(1,268,411)		(1,268,411)
School Sponsored Activities and Athletics	857,029		230,058		(626,971)		(626,971)
Support Services							
Student and Instruction Related Services	8,505,882		1,857,183		(6,648,699)		(6,648,699)
General Administrative Services	1,431,245		95,424		(1,335,821)		(1,335,821)
School Administrative Services	3,668,600		722,891		(2,945,709)		(2,945,709)
Plant Operations and Maintenance	6,285,496		225,187	\$ 165,177	(5,895,132)		(5,895,132)
Pupil Transportation	2,191,051		134,289		(2,056,762)		(2,056,762)
Business Services	1,050,862		93,088		(957,774)		(957,774)
Interest on Long-Term Debt and Other Charges	171,998	-	-	-	(171,998)	-	(171,998)
Total Governmental Activities	<u>68,059,864</u>	<u>109,712</u>	<u>16,756,882</u>	<u>165,177</u>	<u>(51,028,093)</u>	<u>-</u>	<u>(51,028,093)</u>
Business-Type Activities							
Food Service	<u>1,375,593</u>	<u>437,137</u>	<u>913,865</u>	<u>-</u>	<u>-</u>	<u>\$ (24,591)</u>	<u>(24,591)</u>
Total Business-Type Activities	<u>1,375,593</u>	<u>437,137</u>	<u>913,865</u>	<u>-</u>	<u>-</u>	<u>(24,591)</u>	<u>(24,591)</u>
Total Primary Government	<u>\$ 69,435,457</u>	<u>\$ 546,849</u>	<u>\$ 17,670,747</u>	<u>\$ 165,177</u>	<u>(51,028,093)</u>	<u>(24,591)</u>	<u>(51,052,684)</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**LODI BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Balance, Carry Forward	\$ (51,028,093)	\$ (24,591)	\$ (51,052,684)
General Revenues			
Property Taxes Levied for General Purposes	38,510,840		38,510,840
Property Taxes Levied for Debt Service	518,095		518,095
State Aid - Unrestricted	11,956,668		11,956,668
Miscellaneous Income	232,623	44	232,667
Other			
Loss on Disposal of Capital Assets	(6,523)	(3,511)	(10,034)
Donation of Capital Assets	6,945	-	6,945
Total General Revenues	51,218,648	(3,467)	51,215,181
Change in Net Position	190,555	(28,058)	162,497
Net Position, Beginning of Year	30,778,964	648,588	31,427,552
Net Position, End of Year	\$ 30,969,519	\$ 620,530	\$ 31,590,049

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

FUND FINANCIAL STATEMENTS

**LODI BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 3,115,728		\$ 7,387,983	\$ 29,561	\$ 10,533,272
Receivables from Other Governments	334,690	\$ 317,216			651,906
Other Receivables	7,861				7,861
Due From Other Funds	174,123	-	-	-	174,123
Total Assets	<u>\$ 3,632,402</u>	<u>\$ 317,216</u>	<u>\$ 7,387,983</u>	<u>\$ 29,561</u>	<u>\$ 11,367,162</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 481,240	\$ 188,313	\$ 17,701		687,254
Due To Other Funds		165,458	615		166,073
Payables to Other Governments		12,576			12,576
Unearned Revenue	-	965	-	-	965
Total Liabilities	<u>481,240</u>	<u>367,312</u>	<u>18,316</u>	<u>-</u>	<u>866,868</u>
Fund Balances					
Restricted					
Capital Reserve	1,835,880				1,835,880
Emergency Reserve	403,163				403,163
Excess Surplus	346,673				346,673
Excess Surplus - Designated for Subsequent Year's (2016/17) Budget	496,991				496,991
Capital Projects			7,369,667		7,369,667
Debt Service				\$ 29,561	29,561
Committed					
Encumbrances	383,000				383,000
Assigned					
Encumbrances	140,838				140,838
ARRA/SEMI Designated for Subsequent Year's (2016/17) Budget	44,699				44,699
Unassigned	(500,082)	(50,096)	-	-	(550,178)
Total Fund Balances	<u>3,151,162</u>	<u>(50,096)</u>	<u>7,369,667</u>	<u>29,561</u>	<u>10,500,294</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,632,402</u>	<u>\$ 317,216</u>	<u>\$ 7,387,983</u>	<u>\$ 29,561</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$67,617,420 and the accumulated depreciation is \$32,329,047. 35,288,373

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (14,700)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt 68,908

Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Lease Purchase (Including Unamortized Premium)	2,530,552	
Compensated Absences Payable	2,927,032	
Net Pension Liability	10,593,590	
Deferred Amounts on Net Pension Liability		
Deferred Outflows	(1,573,090)	
Deferred Inflows	395,272	
		<u>(14,873,356)</u>
		<u>\$ 30,969,519</u>

LODI BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 38,510,840			\$ 518,095	\$ 39,028,935
Tuition	109,712				109,712
Interest on Capital Reserve Funds	595				595
Interest on Emergency Reserve	670				670
Interest	524		\$ 615	3	1,142
Miscellaneous	230,216	\$ 15,156	-	-	245,372
Total - Local Sources	38,852,557	15,156	615	518,098	39,386,426
State Sources	20,020,371	622,970	165,177		20,808,518
Federal Sources	97,835	1,813,457	-	-	1,911,292
Total Revenues	58,970,763	2,451,583	165,792	518,098	62,106,236
EXPENDITURES					
Current					
Instruction					
Regular Instruction	21,171,651	1,344,733			22,516,384
Special Education Instruction	14,254,207	839,129			15,093,336
Other Instruction	1,528,615	20,590			1,549,205
School Sponsored Activities and Athletics	730,487				730,487
Support Services					
Student and Instruction Related Services	7,273,556	367,276			7,640,832
General Administrative Services	1,090,123				1,090,123
School Administrative Services	3,279,742				3,279,742
Plant Operations and Maintenance	4,539,439				4,539,439
Pupil Transportation	2,191,051				2,191,051
Business Services	971,862				971,862
Debt Service					
Principal				455,000	455,000
Interest and Other Charges	33,244			35,254	68,498
Costs of Issuance				125,047	125,047
Capital Outlay	899,341	-	432,506	-	1,331,847
Total Expenditures	57,963,318	2,571,728	432,506	615,301	61,582,853
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,007,445	(120,145)	(266,714)	(97,203)	523,383
OTHER FINANCING SOURCES (USES)					
Payments to Escrow Agent				(2,680,585)	(2,680,585)
Premium on Refunding				12,340	12,340
Proceeds from Refunding				2,795,000	2,795,000
Transfers In	91,173	125,379	7,500,000		7,716,552
Transfers Out	(7,625,379)	-	(91,173)	-	(7,716,552)
Total Other Financing Sources (Uses)	(7,534,206)	125,379	7,408,827	126,755	126,755
Net Change in Fund Balances	(6,526,761)	5,234	7,142,113	29,552	650,138
Fund Balance (Deficit), Beginning of Year	9,677,923	(55,330)	227,554	9	9,850,156
Fund Balance (Deficit), End of Year	\$ 3,151,162	\$ (50,096)	\$ 7,369,667	\$ 29,561	\$ 10,500,294

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**LODI BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 650,138**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 1,331,847	
Depreciation Expense	<u>(1,641,827)</u>	(309,980)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations) is to increase net position. These transactions are not reported in the governmental funds financial statements.

Donations of Capital Assets		6,945
Loss on Disposal of Capital Assets		<u>(6,523)</u>

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences		(217,097)
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The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal Repayments		455,000
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The issuance of debt is an Other Financing Source in the Governmental funds, but the issuance increases the long-term liabilities in the statement of net position and is not reported in the statement of activities

Refunding Bond Proceeds	(2,795,000)	
Payments to Escrow Agent	2,680,585	
Premium on Issuance of Refunding Bonds	(12,340)	
Amortization of Premium	1,788	
Amortization of Deferred Amount on Refunding of Debt	<u>(11,677)</u>	(136,644)

In the statement of activities, pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures are reported in the amount of financial resources used (paid):

Increase in Pension Expense-Employees' Retirement System		(282,720)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>31,436</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 190,555**

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**LODI BOARD OF EDUCATION
 PROPRIETARY FUNDS
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

ASSETS

Current Assets

Cash	\$ 174,572
Intergovernmental Accounts Receivable	
State	2,581
Federal	130,594
Other Receivables	
Inventory	<u>27,213</u>
 Total Current Assets	 <u>334,960</u>

Capital Assets:

Machinery and Equipment	679,510
Less: Accumulated Depreciation	<u>(379,412)</u>

Total Capital Assets	<u>300,098</u>
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Total Assets	<u>635,058</u>
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LIABILITIES

Current Liabilities

Accounts Payable	<u>9,634</u>
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Total Current Liabilities	<u>9,634</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Commodities Revenue	<u>4,894</u>
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Total Deferred Inflows of Resources	<u>4,894</u>
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Total Liabilities and Deferred Inflows of Resources	<u>14,528</u>
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NET POSITION

Investment in Capital Assets	300,098
Unrestricted	<u>320,432</u>

Total Net Position	<u>\$ 620,530</u>
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The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

LODI BOARD OF EDUCATION
PROPRIETARY FUND
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

OPERATING REVENUES

Charges for Services	
Daily Sales	
Reimbursable Programs	\$ 220,221
Non-Reimbursable Programs	212,263
Other Sales	<u>4,653</u>
Total Operating Revenues	<u>437,137</u>

OPERATING EXPENSES

Cost of Sales	
Reimbursable Programs	506,768
Non-Reimbursable Programs	121,550
Salaries and Wages	365,116
Employee Benefits	88,619
Management Fee	58,899
Other Expenses	152,465
Supplies and Materials	52,885
Depreciation	<u>29,291</u>
Total Operating Expenses	<u>1,375,593</u>

Operating Income (Loss) (938,456)

NONOPERATING REVENUES (EXPENSES)

Local Sources	
Interest Earned	44
State Sources	
State School Lunch Program	16,340
Federal Sources	
National School Lunch Program	746,284
Food Distribution Program (USDA Commodities)	91,861
School Breakfast Program	57,623
Special Milk Program	1,757
Loss on Disposal of Capital Assets	<u>(3,511)</u>
Total Nonoperating Revenues (Expenses)	<u>910,398</u>

Change in Net Position (28,058)

Net Position, Beginning of Year 648,588

Net Position, End of Year \$ 620,530

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**LODI BOARD OF EDUCATION
 PROPRIETARY FUNDS
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	\$ 437,747
Payments for Employees Salaries and Benefits	(453,735)
Payments to Suppliers	<u>(809,547)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(825,535)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State and Federal Reimbursements	<u>732,251</u>
Net Cash Provided By Non-Capital Financing Activities	<u>732,251</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>44</u>
Net Cash Provided By Investing Activities	<u>44</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	<u>(66,473)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(66,473)</u>
Net Change in Cash and Cash Equivalents	(159,713)
Cash and Cash Equivalents, Beginning of Year	<u>334,285</u>
Cash and Cash Equivalents, End of Year	<u>\$ 174,572</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Income (Loss)	\$ <u>(938,456)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Noncash Federal Assistance - Food Distribution Program	91,860
Depreciation Expense	29,291
(Increase) Decrease in Accounts Receivable	610
(Increase) Decrease in Inventories	1,533
Increase (Decrease) in Accounts Payable	(7,241)
Increase (Decrease) in Deferred Commodities Revenue	<u>(3,132)</u>
Total Adjustments	<u>112,921</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (825,535)</u>
Non-Cash Financing Activities	
Fair Value of Food Distribution Program - National School Lunch	\$ 88,728

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**LODI BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 93,706
	<hr/>
Total Assets	\$ 93,706
	<hr/>
LIABILITIES	
Due to Student Groups	\$ 83,286
Accrued Salaries and Wages	2,370
Due to Other Funds	8,050
	<hr/>
Total Liabilities	\$ 93,706
	<hr/>

The accompanying Notes to the Financial Statements are an integral part of this statement

**LODI BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

NOTES TO THE FINANCIAL STATEMENTS

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Lodi Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Lodi Board of Education this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Lodi Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, transportation fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of unused sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's (2016/17) Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

ARRA/SEMI – Designated for Subsequent Year's (2016/17) Budget – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2016 that will be appropriated in the adopted 2016/2017 budget certified for taxes.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$8,947,155. The increase was funded by grant awards, the reappropriation of prior year general fund encumbrances and the appropriation of \$7.5 million from the capital reserve to fund the construction of the administration/child study team building.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund balance deficit of \$500,082 and \$50,096 in the General Fund and Special Revenue Fund as of June 30, 2016 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2015/2016 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$500,082 in the General Fund and \$50,096 in the Special Revenue Fund are equal to or less than the delayed state aid payments at June 30, 2016.

C. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 8,244,728
Increased by		
Interest Earnings	\$ 594	
Unexpended Project Balances Restored to Capital Reserve	90,558	
Deposits Approved by Board Resolution	<u>1,000,000</u>	
Total Increases		<u>1,091,152</u>
		9,335,880
Withdrawals		
Approved by Board Resolution		<u>7,500,000</u>
Balance, June 30, 2016		<u>\$ 1,835,880</u>

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 402,493
Increased by	
Interest Earnings	<u>670</u>
Balance, June 30, 2016	<u>\$ 403,163</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$843,664. Of this amount, \$496,991 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$346,673 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$10,801,550 and bank and brokerage firm balances of the Board's deposits amounted to \$11,481,680. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	<u>\$ 11,481,680</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board had no bank balances exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2016, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal	\$ 49,824	\$ 317,216	\$ 130,594	\$ 497,634
State	78,006		2,581	80,587
Local	206,860			206,860
Other	<u>7,861</u>	<u>-</u>	<u>-</u>	<u>7,861</u>
Gross Receivables	342,551	317,216	133,175	792,942
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 342,551</u>	<u>\$ 317,216</u>	<u>\$ 133,175</u>	<u>\$ 792,942</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>\$ 965</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,991,705			\$ 7,991,705
Construction in Progress	1,219,662	\$ 160,203	\$ (1,195,258)	184,607
Total Capital Assets, Not Being Depreciated	<u>9,211,367</u>	<u>160,203</u>	<u>(1,195,258)</u>	<u>8,176,312</u>
Capital Assets, Being Depreciated:				
Site Improvements	1,195,991	406,648		1,602,639
Building Improvements	54,547,627	1,894,375		56,442,002
Machinery and Equipment	1,355,090	72,824	(31,447)	1,396,467
Total Capital Assets Being Depreciated	<u>57,098,708</u>	<u>2,373,847</u>	<u>(31,447)</u>	<u>59,441,108</u>
Less Accumulated Depreciation for:				
Site Improvements	(568,979)	(72,437)		(641,416)
Building Improvements	(29,251,497)	(1,480,271)		(30,731,768)
Machinery and Equipment	(891,668)	(89,119)	24,924	(955,863)
Total Accumulated Depreciation	<u>(30,712,144)</u>	<u>(1,641,827)</u>	<u>24,924</u>	<u>(32,329,047)</u>
Total Capital Assets, Being Depreciated, net	<u>26,386,564</u>	<u>732,020</u>	<u>(6,523)</u>	<u>27,112,061</u>
Governmental Activities Capital Assets, net	<u>\$ 35,597,931</u>	<u>\$ 892,223</u>	<u>\$ (1,201,781)</u>	<u>\$ 35,288,373</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 661,947	\$ 66,473	\$ (48,910)	\$ 679,510
Total Capital Assets Being Depreciated	<u>661,947</u>	<u>66,473</u>	<u>(48,910)</u>	<u>679,510</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(395,520)</u>	<u>(29,291)</u>	<u>45,399</u>	<u>(379,412)</u>
Total Accumulated Depreciation	<u>(395,520)</u>	<u>(29,291)</u>	<u>45,399</u>	<u>(379,412)</u>
Total Capital Assets, Being Depreciated, net	<u>266,427</u>	<u>37,182</u>	<u>(3,511)</u>	<u>300,098</u>
Business-Type Activities Capital Assets, net	<u>\$ 266,427</u>	<u>\$ 37,182</u>	<u>\$ (3,511)</u>	<u>\$ 300,098</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction		
Regular		\$ 1,069
Special Education		89
School-Sponsored Activities and Athletics		<u>357</u>
Total Instruction		<u>1,515</u>
Support Services		
Student and Instruction Related Services		178
General Administration		535
School Administration		178
Operations and Maintenance of Plant		1,639,332
Business Services		89
Total Support Services		<u>1,640,312</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,641,827</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 29,291</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Commitment</u>
High School and Middle School Bathrooms	\$ <u>383,000</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 165,458
General Fund	Capital Projects Fund	615
General Fund	Payroll Agency Fund	<u>8,050</u>
		<u>\$ 174,123</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position and as a result of temporary funding provided to the flexible spending account in the Payroll Agency Fund.

The District expects all interfund balances to be liquidated within one year.

Interfund Transfers

	<u>Transfer In:</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfer Out:				
General Fund		\$ 125,379	\$ 7,500,000	\$ 7,625,379
Capital Projects Fund	\$ 91,173	-	-	<u>91,173</u>
	<u>\$ 91,173</u>	<u>\$ 125,379</u>	<u>\$ 7,500,000</u>	<u>\$ 7,716,552</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund and the transfer of monies to the General Fund Capital Reserve from completed capital projects.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers and mailing systems under noncancelable operating leases. The leases are for terms of five years. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ 24,661
2018	24,661
2019	<u>16,143</u>
	<u>\$ 65,465</u>

Lease Purchase Agreements

The District has entered into a lease purchase agreement on April 8, 1997 for improvements to various schools. The District issued certificates of participation ("COPS") to finance these improvements. During the 2015/16 school year, the Board issued \$2,795,000 of refunding COPS.

The maturity schedule of the remaining COPS lease payments for principal and interest is as follows:

Governmental Activities:

<u>Fiscal Year Ending June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 440,000	\$ 46,000	\$ 486,000
2018	445,000	37,150	482,150
2019	465,000	28,050	493,050
2020	465,000	18,750	483,750
2021	480,000	9,300	489,300
thereafter	<u>225,000</u>	<u>2,250</u>	<u>227,250</u>
	<u>\$ 2,520,000</u>	<u>\$ 141,500</u>	<u>\$ 2,661,500</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 82,035,437
Less: Net Debt Issued	<u>-</u>
Remaining Borrowing Power	<u>\$ 82,035,437</u>

Current Refundings of Debt

On August 15, 2015 the District issued \$2,795,000 in Refunding Certificates of Participation, Series 2015 (the "COPS") having an interest rate of 2.00%. These COPS were issued in order to currently refund certain principal maturities of the 1997 Certificates of Participation of the District. The total principal currently refunded was \$2,600,000. The reacquisition price exceeded the net carrying amount of the old debt by \$80,585. This amount has been reported as Deferred Outflows of Resources on the financial statements and amortized over the remaining life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next seven years by \$213,641 and resulted in an economic gain of \$187,417.

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2016</u>	Due Within <u>One Year</u>
Governmental Activities:					
Obligations Under Lease					
Purchase Agreements	\$ 2,780,000	\$ 2,795,000	\$ 3,055,000	\$ 2,520,000	\$ 440,000
Add: Unamortized Premium	-	12,340	1,788	10,552	-
	<u>2,780,000</u>	<u>2,807,340</u>	<u>3,056,788</u>	<u>2,530,552</u>	<u>440,000</u>
Net Pension Liability	9,100,717	2,181,315	688,442	10,593,590	
Compensated Absence Payable	<u>2,709,935</u>	<u>366,806</u>	<u>149,709</u>	<u>2,927,032</u>	<u>100,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 14,590,652</u>	<u>\$ 5,355,461</u>	<u>\$ 3,894,939</u>	<u>\$ 16,051,174</u>	<u>\$ 540,000</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board is a member of the New Jersey School Boards Association Insurance Group (the "NJSBAIG"). The NJSBAIG provides insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

NJSBAIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.9 percent and \$22.4 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 405,722	\$ 1,634,978	\$ 4,674
2015	400,716	1,089,729	2,900
2014	355,803	888,781	

For fiscal years 2015/2016 and 2014/2015, the state contributed \$1,634,978 and \$1,089,729, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$888,781 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,475,640 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$10,593,590 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .04719 percent, which was a decrease of .00142 percent from its proportionate share measured as of June 30, 2014 of .04861 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$688,422 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 252,726	
Changes of Assumptions	1,137,667	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 170,325
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>182,697</u>	<u>224,947</u>
Total	<u>\$ 1,573,090</u>	<u>\$ 395,272</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 214,707
2018	214,707
2019	214,707
2020	350,295
2021	<u>183,402</u>
	<u>\$ 1,177,818</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was 4.90%.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 13,166,536</u>	<u>\$ 10,593,590</u>	<u>\$ 8,436,451</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,778,739 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$127,397,084. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .20156 percent, which was a decrease of .00853 percent from its proportionate share measured as of June 30, 2014 of .21009 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was 4.13%.

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 151,406,672</u>	<u>\$ 127,397,084</u>	<u>\$ 106,711,387</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:
<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$1,946,808, \$1,729,946 and \$1,457,266 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 38,510,840		\$ 38,510,840	\$ 38,510,840	
Tuition - Other Governments				109,712	\$ 109,712
Interest Earned on Capital Reserve				595	595
Interest on Emergency Reserve				670	670
Interest				524	524
Unrestricted Miscellaneous Revenues	168,960	-	168,960	230,216	61,256
Total Revenues - Local Sources	38,679,800	-	38,679,800	38,852,557	172,757
State Sources					
Equalization Aid	11,767,636		11,767,636	11,767,636	
Categorical Transportation Aid	133,818		133,818	133,818	
Categorical Special Education Aid	2,096,287		2,096,287	2,096,287	
Categorical Security Aid	224,397		224,397	224,397	
Under Adequacy Aid	76,849		76,849	76,849	
Parcc Readiness Aid	35,130		35,130	35,130	
Per Pupil Growth Aid	35,130		35,130	35,130	
Extraordinary Aid	494,766		494,766	663,582	168,816
Total State Sources	14,864,013	-	14,864,013	20,090,255	5,226,242
On-Behalf TPAF (Non-Budgeted)					
NCGI Premium				77,580	77,580
Pension				1,557,398	1,557,398
Post Retirement Medical				1,946,808	1,946,808
Social Security Contributions	-	-	-	1,475,640	1,475,640
Total State Sources	14,864,013	-	14,864,013	20,090,255	5,226,242
Federal Sources					
Medicaid - MAC				7,491	7,491
Medicaid Reimbursement - SEMI	57,907	-	57,907	90,344	32,437
Total Federal Sources	57,907	-	57,907	97,835	39,928
Total Revenues	53,601,720	-	53,601,720	59,040,647	5,438,927
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Kindergarten	718,475	\$ (39,595)	678,880	656,396	22,484
Grades 1 - 5	4,560,119	(130,264)	4,429,855	4,428,550	1,305
Grades 6 - 8	2,955,015	(20,230)	2,934,785	2,890,794	43,991
Grades 9 - 12	4,187,644	(122,817)	4,064,827	3,993,059	71,768
Regular Programs - Home Instruction:					
Salaries of Teachers	42,681	-	42,681	23,445	19,236
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	38,234	17,920	56,154	44,660	11,494
Purchased Professional-Educational Services	30,525	-	30,525	2,380	28,145
Purchased Technical Services	53,814	250	54,064	53,688	376
Other Purchased Services	249,873	21,653	271,526	270,733	793
General Supplies	475,606	196,859	672,465	650,386	22,079
Textbooks	253,637	(120,991)	132,646	121,845	10,801
Other Objects	800	-	800	350	450
Total Instruction Regular Programs	13,566,423	(197,215)	13,369,208	13,136,286	232,922
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	508,219	(13,506)	494,713	493,783	930
Other Salaries for Instruction	150,446	(15,366)	135,080	133,704	1,376
Purchased Professional-Educational Services	500	500	500	200	300
General Supplies	24,500	(3,700)	20,800	14,426	6,374
Textbooks	2,200	-	2,200	1,023	1,177
Total Learning/Language Disabilities	685,365	(32,072)	653,293	643,136	10,157

(Continued)

LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,636,758	\$ (94,113)	\$ 1,542,645	\$ 1,541,084	\$ 1,561
Other Salaries for Instruction	165,625	12,720	178,345	174,440	3,905
Purchased Professional-Educational Services		500	500	420	80
Other Purchased Services	1,536	128	1,664	1,663	1
General Supplies	7,000	10,811	17,811	15,540	2,271
Textbooks	3,200	-	3,200	1,095	2,105
Total Resource Room/Resource Center	1,814,119	(69,954)	1,744,165	1,734,242	9,923
Home Instruction					
Purchased Professional - Educations Services	56,472	-	56,472	39,152	17,320
Total Home Instruction	56,472	-	56,472	39,152	17,320
Total Special Education	2,555,956	(102,026)	2,453,930	2,416,530	37,400
Basic Skills/Remedial					
Salaries of Teachers	945,505	(407,222)	538,283	528,871	9,412
Total Basic Skills/Remedial	945,505	(407,222)	538,283	528,871	9,412
Bilingual Education					
Salaries of Teachers	486,787	13,457	500,244	486,893	13,351
Other Purchased Services	200	-	200	-	200
Textbooks	300	-	300	-	300
Total Bilingual Education	487,287	13,457	500,744	486,893	13,851
School Sponsored Co-Curricular Activities					
Salaries of Teachers	142,516	-	142,516	135,060	7,456
Purchased Services	500	1,062	1,562	1,306	256
Supplies and Materials	4,425	3,085	7,510	5,718	1,792
Other Objects	1,550	215	1,765	1,765	-
Total Co-Curricular Activities	148,991	4,362	153,353	143,849	9,504
School Sponsored Athletics					
Salaries	251,123	20,000	271,123	268,767	2,356
Purchased Services	8,300	400	8,700	3,515	5,185
Supplies and Materials	69,200	8,481	77,681	66,481	11,200
Other Objects	6,675	(431)	6,244	5,775	469
Transfers to Cover Deficit (Agency Funds)	65,000	(23,300)	41,700	40,000	1,700
Total Athletics	400,298	5,150	405,448	384,538	20,910
Community Service Programs					
Supplies and Materials	7,500	-	7,500	-	7,500
Total Community Service Programs	7,500	-	7,500	-	7,500
Total Instruction	18,111,960	(683,494)	17,428,466	17,096,967	331,499
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Regular	91,794	(69,047)	22,747	22,746	1
Tuition to Other LEA's Within State - Special	7,396,830	(354,454)	7,042,376	7,038,036	4,340
Tuition to County Vocational - Regular	452,790	(34,350)	418,440	418,428	12
Tuition to County Vocational - Special	475,200	(26,010)	449,190	441,467	7,723
Tuition to County Sp Service and Regional Day School	1,644,140	459,838	2,103,978	2,103,977	1
Tuition to Private School for the Disabled W/ State	761,202	148,844	910,046	853,123	56,923
Tuition to Private School for the Disabled & Other LEAs-Spl, O/S St		60,500	60,500	60,417	83
Tuition to State Facilities	4,500	-	4,500	4,500	-
Tuition - Other	207,293	(6,580)	200,713	199,953	760
Total Tuition	11,033,749	178,741	11,212,490	11,142,647	69,843
Attendance and Social Work					
Salaries	79,106	(47,422)	31,684	31,642	42
Other Purchased Services	1,600	(960)	640	640	-
Total Attendance and Social Work	80,706	(48,382)	32,324	32,282	42

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 491,652	-	\$ 491,652	\$ 488,098	\$ 3,554
Purchased Professional and Technical Services	62,570	\$ 45,821	108,391	106,256	2,135
Supplies and Materials	16,187	4,747	20,934	19,987	947
Total Health Services	570,409	50,568	620,977	614,341	6,636
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	267,207	8,779	275,986	274,905	1,081
Purchased Professional Educational Services	350,000	106,200	456,200	447,161	9,039
Supplies and Materials	2,000	1,256	3,256	3,159	97
Total Speech, OT, PT and Related Services	619,207	116,235	735,442	725,225	10,217
Other Supp. Svcs.-Extraord. Serv.					
Salaries	105,715	17,866	123,581	96,887	26,694
Purchased Professional - Educational Services	550,000	152,179	702,179	652,548	49,631
Total Other Support/Extraordinary Services	655,715	170,045	825,760	749,435	76,325
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	832,936	5,060	837,996	833,263	4,733
Salaries of Secretarial and Clerical Assistants	35,048	15,577	50,625	50,625	-
Purchased Professional and Educational Services	400	-	400	400	-
Other Purchased Professional and Technical Services	74,277	-	74,277	50,354	23,923
Supplies and Materials	52,900	7,191	60,091	42,226	17,865
Total Other Support Services-Guidance	995,561	27,828	1,023,389	976,468	46,921
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	770,285	(76,489)	693,796	690,762	3,034
Salaries of Secretarial and Clerical Assistants	122,230	-	122,230	122,230	-
Other Salaries	10,000	-	10,000	10,000	-
Purchased Professional - Educational Services	95,000	(3,005)	91,995	87,408	4,587
Other Purchased Professional and Technical Services	31,000	27,200	58,200	53,387	4,813
Other Purchased Services	3,122	522	3,644	3,644	-
Supplies and Materials	7,200	8,860	16,060	15,934	126
Total Other Support Services-Child Study Teams	1,038,837	(42,912)	995,925	983,365	12,560
Improvement of Instruction					
Salaries of Supervisor of Instruction	277,092	278,941	556,033	543,463	12,570
Other Salaries	-	1,000	1,000	1,000	-
Purchased Professional Educational Services	124,234	1,089	125,323	125,323	-
Supplies and Materials	30,000	(3,089)	26,911	6,629	20,282
Total Improvement of Instruction	431,326	277,941	709,267	676,415	32,852
Educational Media Services/ School Library					
Salaries	549,439	-	549,439	547,791	1,648
Other Purchased Services	17,378	(1,155)	16,223	15,977	246
Supplies and Materials	115,710	2,919	118,629	116,981	1,648
Total Educational Media Services/ School Library	682,527	1,764	684,291	680,749	3,542
Instructional Staff Training Services					
Other Purchased Services	60,850	2,060	62,910	62,884	26
Supplies and Materials	40,824	-	40,824	36,624	4,200
Total Instructional Staff Training Services	101,674	2,060	103,734	99,508	4,226

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 376,895	\$ 91	\$ 376,986	\$ 376,330	\$ 656
Salaries of Attorneys	63,131	-	63,131	63,131	-
Legal Services	25,000	42,764	67,764	58,062	9,702
Audit Fees	38,250	50	38,300	38,300	-
Architectural/Engineering Services	-	10,500	10,500	4,624	5,876
Other Purchased Professional Services	2,500	(50)	2,450	2,445	5
Communications/Telephone	84,863	12,624	97,487	95,233	2,254
BOE Other Purchased Services	2,855	(100)	2,755	2,755	-
Miscellaneous Purchased Services	230,379	(3,297)	227,082	226,494	588
General Supplies	12,500	(3,954)	8,546	7,670	876
Miscellaneous Expenditures	4,415	(175)	4,240	3,744	496
BOE Membership Dues and Fees	22,000	(1,500)	20,500	20,496	4
Total Support Services General Administration	862,788	56,953	919,741	896,529	23,212
Support Services School Administration					
Salaries of Principals/Assistant Principals/Prog Dir	1,261,319	7,595	1,268,914	1,268,913	1
Salaries of Other Professional Staff	406,777	(129,616)	277,161	272,833	4,328
Salaries of Secretarial and Clerical Assistants	661,758	91	661,849	655,848	6,001
Other Purchased Services	11,296	366	11,662	4,762	6,900
Supplies and Materials	66,210	3,554	69,764	67,170	2,594
Other Objects	7,960	-	7,960	6,494	1,466
Total Support Services School Administration	2,415,320	(118,010)	2,297,310	2,276,020	21,290
Central Services					
Salaries	422,219	1	422,220	422,220	-
Purchased Professional Services	47,295	6,807	54,102	52,022	2,080
Miscellaneous Purchased Services	16,286	354	16,640	8,672	7,968
Supplies and Materials	16,500	(235)	16,265	13,257	3,008
Miscellaneous Expenditures	3,800	-	3,800	1,487	2,313
Total Undistributed Expenditures - Central Services	506,100	6,927	513,027	497,658	15,369
Admin. Info. Tech.					
Salaries	203,310	1	203,311	203,310	1
Other Purchased Services	3,800	-	3,800	3,800	-
Supplies and Materials	2,000	(1)	1,999	1,856	143
Total Undistributed Expenditures - Admin. Info. Technology	209,110	-	209,110	208,966	144
Required Maintenance for School Facilities					
Salaries	265,696	(41,000)	224,696	223,595	1,101
Cleaning, Repair and Maintenance Services	800,000	62,226	862,226	778,001	84,225
General Supplies	45,000	4,000	49,000	39,237	9,763
Total Required Maint for School Facilities	1,110,696	25,226	1,135,922	1,040,833	95,089
Custodial Services					
Salaries	1,384,161	(20,306)	1,363,855	1,354,174	9,681
Purchased Professional and Technical Services	32,549	2,399	34,948	31,883	3,065
Cleaning, Repair and Maintenance Services	65,705	12,057	77,762	55,341	22,421
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	207,100	-	207,100	206,625	475
Other Purchased Property Services	25,000	-	25,000	22,553	2,447
Insurance	251,782	(13,270)	238,512	236,933	1,579
Miscellaneous Purchased Services	6,096	200	6,296	6,240	56
General Supplies	96,300	2,227	98,527	93,523	5,004
Energy (Natural Gas)	225,000	(14,950)	210,050	147,576	62,474
Energy (Electricity)	475,000	-	475,000	475,000	-
Energy (Gasoline)	6,000	-	6,000	6,000	-
Other Objects	2,620	-	2,620	2,033	587
Total Custodial Services	2,777,313	(31,643)	2,745,670	2,637,881	107,789
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	58,900	32,410	91,310	73,717	17,593
General Supplies	11,000	2,700	13,700	11,745	1,955
Total Care and Upkeep of Grounds	69,900	35,110	105,010	85,462	19,548

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures - Security					
Salaries		\$ 22,140	\$ 22,140	\$ 22,140	
Purchased Professional and Technical Services	\$ 100,000	-	100,000	100,000	
Cleaning, Repair, and Maintenance Services		10,700	10,700	7,674	\$ 3,026
General Supplies	-	1,821	1,821	1,777	44
Total Security	100,000	34,661	134,661	131,591	3,070
Student Transportation Services					
Contr Serv(Bet Home &Sch)-Vendors	24,921	(5,660)	19,261	18,486	775
Contr Serv(Oth. Than Bet Home &Sch)-Vendors	88,851	(300)	88,551	73,917	14,634
Contr Serv(Bet Home &Sch)-Joint Agreements	172,160	110,489	282,649	282,638	11
Contr Serv(Special Education)-Vendors	1,000	-	1,000	35	965
Contr Serv(Special Education)-Joint Agreements	1,480,514	324,086	1,804,600	1,804,596	4
Contr Serv - Aid in Lieu Pymts-Charter Sch	-	11,380	11,380	11,379	1
Total Student Transportation Services	1,767,446	439,995	2,207,441	2,191,051	16,390
Unallocated Employee Benefits					
Group Insurance		378	378	377	1
Social Security Contributions	373,333	18,000	391,333	390,529	804
Other Retirement Contributions - PERS	485,034	(71,768)	413,266	410,396	2,870
Unemployment Compensation	85,340	2,000	87,340	87,340	-
Workmens Compensation	195,890	(10,300)	185,590	183,389	2,201
Health Benefits	5,694,160	(357,195)	5,336,965	5,326,445	10,520
Tuition Reimbursements	7,500	-	7,500	3,280	4,220
Other Employee Benefits	166,354	(59,768)	106,586	101,845	4,741
Unused Sick Payment to Terminated/Retired Staff	-	149,709	149,709	149,709	-
Total Unallocated Employee Benefits	7,007,611	(328,944)	6,678,667	6,653,310	25,357
On-Behalf TPAF (Non-Budgeted)					
NCGI Premium				77,580	(77,580)
Pension				1,557,398	(1,557,398)
Post Retirement Medical				1,946,808	(1,946,808)
Social Security Contributions	-	-	-	1,475,640	(1,475,640)
Total TPAF Pension and Social Security Contributions	-	-	-	5,057,426	(5,057,426)
Total Undistributed Expenditures	33,035,995	854,163	33,890,158	38,357,162	(4,467,004)
Total Current Expenditures	51,147,955	170,669	51,318,624	55,454,129	(4,135,505)
CAPITAL OUTLAY					
Equipment					
Grades 6 - 12		8,556	8,556	8,555	1
Grades 9 - 12		5,756	5,756	5,755	1
Learning and/or Language Disabilities		3,700	3,700		3,700
Undistributed Expenditures					
Media Center/School Library		19,399	19,399	19,399	
General Administration		11,461	11,461	11,460	1
School Administration		17,060	17,060	17,060	
Care and Upkeep of Grounds	4,900	3,650	8,550	3,650	4,900
Total Equipment	4,900	69,582	74,482	65,879	8,603
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services	69,000	29,195	98,195	54,971	43,224
Construction Services	690,000	793,622	1,483,622	780,291	703,331
Assessment for Debt Service on SDA Funding	33,244	-	33,244	33,244	-
Total Facilities Acq. And Construction Services	792,244	822,817	1,615,061	868,506	746,555
Total Expenditures - Capital Outlay	797,144	892,399	1,689,543	934,385	755,158
Transfer of Funds to Charter Schools	1,779,422	(177,935)	1,601,487	1,574,804	26,683
Total Expenditures - General Fund	53,724,521	885,133	54,609,654	57,963,318	(3,353,664)

(Continued)

**LOBI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY (Continued)					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (122,801)	\$ (885,133)	\$ (1,007,934)	\$ 1,077,329	\$ 2,085,263
Other Financing Sources (Uses)					
Transfers Out - Special Revenue Fund - Preschool	(125,379)	-	(125,379)	(125,379)	
Transfers In - Capital Projects Fund				91,173	91,173
Transfers Out - Capital Projects Fund	-	(7,500,000)	(7,500,000)	(7,500,000)	-
Total Other Financing Sources (Uses)	(125,379)	(7,500,000)	(7,625,379)	(7,534,206)	91,173
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(248,180)	(8,385,133)	(8,633,313)	(6,456,877)	2,176,436
Fund Balance, Beginning of Year	11,487,562	-	11,487,562	11,487,562	-
Fund Balance, End of Year	\$ 11,239,382	\$ (8,385,133)	\$ 2,854,249	\$ 5,030,685	\$ 2,176,436
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,835,880	
Emergency Reserve				403,163	
Excess Surplus				346,673	
Excess Surplus - Designated for Subsequent Year's (2016/17) Budget				496,991	
Committed					
Encumbrances				383,000	
Assigned					
Encumbrances				140,838	
ARRA/SEMI - Designated for Subsequent Year's (2016/17) Budget				44,699	
Unassigned				1,379,441	
Fund Balance (Budgetary Basis)				5,030,685	
Reconciliation to Governmental Fund Statements (GAAP)					
State Aid Payments Not Recognized on a GAAP Basis				(1,879,523)	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 3,151,162	

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 16,119	\$ 16,119	\$ 15,156	\$ (963)
State	\$ 738,389	18,116	756,505	617,736	(138,769)
Federal	1,298,103	527,787	1,825,890	1,813,457	(12,433)
Total Revenues	<u>2,036,492</u>	<u>562,022</u>	<u>2,598,514</u>	<u>2,446,349</u>	<u>(152,165)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	900,875	258,198	1,159,073	1,159,073	-
Other Salaries for Instruction	93,164	(2,249)	90,915	90,915	-
Purchased Professional/Educational Services	80,580	8,088	88,668	75,278	13,390
Tuition	638,130	165,484	803,614	803,614	-
General Supplies	48,496	16,276	64,772	63,809	963
Textbooks	10,010	1,753	11,763	11,763	-
Total Instruction	<u>1,771,255</u>	<u>447,550</u>	<u>2,218,805</u>	<u>2,204,452</u>	<u>14,353</u>
Support Services					
Salaries of Other Professional Staff		2,000	2,000	2,000	-
Other Salaries	482	6,090	6,572	6,572	-
Employee Benefits	225,664	64,389	290,053	290,053	-
Purchased Prof. and Technical Services	39,091	25,574	64,665	52,232	12,433
Cleaning, Repairs and Maintenance	-	11,419	11,419	11,419	-
Supplies and Materials	-	5,000	5,000	5,000	-
Total Support Services	<u>265,237</u>	<u>114,472</u>	<u>379,709</u>	<u>367,276</u>	<u>12,433</u>
Total Expenditures	<u>2,036,492</u>	<u>562,022</u>	<u>2,598,514</u>	<u>2,571,728</u>	<u>26,786</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	(125,379)	125,379
Other Financing Sources					
Transfers In - General Fund Contribution	-	-	-	125,379	(125,379)
Fund Balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LODI BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources				
Revenue (budgetary basis)	C-1	\$ 59,040,647	C-2	\$ 2,446,349
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.		1,809,639		55,330
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.		<u>(1,879,523)</u>		<u>(50,096)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>\$ 58,970,763</u>	B-2	<u>\$ 2,451,583</u>
Uses/Outflows of Resources				
Expenditures (budgetary basis)	C-1	\$ 57,963,318	C-2	\$ 2,571,728
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>-</u>		<u>-</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 57,963,318</u>	B-2	<u>\$ 2,571,728</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**LODI BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Three Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04719	0.04861	0.04722
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,593,590	\$ 9,100,717	\$ 9,024,932
District's Covered-Employee Payroll	\$ 3,240,821	\$ 3,286,043	\$ 3,354,157
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	326.88%	276.95%	269.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LODI BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Three Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 405,722	\$ 400,716	\$ 355,803
Contributions in Relation to the Contractually Required Contributions	<u>405,722</u>	<u>400,716</u>	<u>355,803</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	\$ 3,240,821	\$ 3,286,043	\$ 3,354,157
Contributions as a Percentage of Covered-Employee Payroll	12.52%	12.19%	10.61%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LODI BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS' PENSION AND ANNUITY FUND
Last Three Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
States Proportionate Share of Net Pension Liability (Asset) Associated With the District	<u>\$ 127,397,084</u>	<u>\$ 112,288,092</u>	<u>\$ 103,166,969</u>
Total	<u>\$ 127,397,084</u>	<u>\$ 112,288,092</u>	<u>\$ 103,166,969</u>
 District's Covered-Employee Payroll	 \$ 20,764,258	 \$ 20,498,253	 \$ 20,247,819
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.64%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LODI BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

SPECIAL REVENUE FUND

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	N.J. Nonpublic Auxiliary			NJ Nonpublic Handicapped			Nonpublic Security	Nonpublic Nursing	Nonpublic Technology	Sub-Total
	Nonpublic Textbooks	Compensatory Education	ESL	Supplemental Instruction	Examination/Classification	Speech				
REVENUES										
State Sources	\$ 11,763	\$ 39,763	\$ -	\$ 15,742	\$ 19,773	\$ -	\$ 5,300	\$ 19,080	\$ 5,356	\$ 116,777
Federal Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	11,763	39,763	-	15,742	19,773	-	5,300	19,080	5,356	116,777
EXPENDITURES										
Instruction:										
Other Purchased Services		39,763		15,742	19,773					75,278
General Supplies									5,356	5,356
Textbooks	11,763	-	-	-	-	-	-	-	-	11,763
Total Instruction	11,763	39,763	-	15,742	19,773	-	-	-	5,356	92,397
Support Services										
Other Salaries								572		572
Purchased Professional and Technical								18,508		18,508
Cleaning, Repairs and Maintenance	-	-	-	-	-	-	5,300	-	-	5,300
Total Support Services	-	-	-	-	-	-	5,300	19,080	-	24,380
Total Expenditures	11,763	39,763	-	15,742	19,773	-	5,300	19,080	5,356	116,777
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Other Financing Sources										
Transfer In - General Fund	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>IDEA B Basic</u>	<u>IDEA B Preschool</u>	<u>Perkins Vocational Education</u>	<u>NJ Partnership HIV STD and Pregnancy Prev.</u>	<u>Local Grants</u>	<u>Preschool Education</u>	<u>Total</u>
REVENUES										
Local Sources								\$ 15,156		\$ 15,156
State Sources									\$ 500,959	\$ 500,959
Federal Sources	\$ 797,500	\$ 105,606	\$ 40,271	\$ 811,456	\$ 25,882	\$ 22,742	\$ 10,000	-	-	1,813,457
Total Revenues	<u>797,500</u>	<u>105,606</u>	<u>40,271</u>	<u>811,456</u>	<u>25,882</u>	<u>22,742</u>	<u>10,000</u>	<u>15,156</u>	<u>500,959</u>	<u>2,446,349</u>
EXPENDITURES										
Instruction:										
Salaries of Teachers	621,227	83,814	34,102						419,930	1,159,073
Other Salaries for Instruction									90,915	90,915
Other Purchased Services										75,278
Tuition				777,732	25,882					803,614
General Supplies	19,397					20,590		8,037	10,429	63,809
Textbooks	-	-	-	-	-	-	-	-	-	11,763
Total Instruction	<u>640,624</u>	<u>83,814</u>	<u>34,102</u>	<u>777,732</u>	<u>25,882</u>	<u>20,590</u>	<u>-</u>	<u>8,037</u>	<u>521,274</u>	<u>2,204,452</u>
Support Services										
Salaries of Other Professional Staff						2,000				2,000
Other Salaries for Instruction							5,000	1,000		6,572
Employee Benefits	156,876	21,792	6,169			152			105,064	290,053
Purchased Professional and Technical				33,724						52,232
Cleaning, Repairs and Maintenance								6,119		11,419
Supplies and Materials	-	-	-	-	-	-	5,000	-	-	5,000
Total Support Services	<u>156,876</u>	<u>21,792</u>	<u>6,169</u>	<u>33,724</u>	<u>-</u>	<u>2,152</u>	<u>10,000</u>	<u>7,119</u>	<u>105,064</u>	<u>367,276</u>
Total Expenditures	<u>797,500</u>	<u>105,606</u>	<u>40,271</u>	<u>811,456</u>	<u>25,882</u>	<u>22,742</u>	<u>10,000</u>	<u>15,156</u>	<u>626,338</u>	<u>2,571,728</u>
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	-	-	-	-	-	-	-	-	(125,379)	(125,379)
Other Financing Sources										
Transfer In - General Fund	-	-	-	-	-	-	-	-	125,379	125,379
Fund Balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
Instruction					
Salaries of Teachers	\$ 416,990	\$ 2,940	\$ 419,930	\$ 419,930	\$ -
Other Salaries for Instruction	93,164	(2,249)	90,915	90,915	-
General Supplies	11,120	(691)	10,429	10,429	-
Total Instruction	<u>521,274</u>	<u>-</u>	<u>521,274</u>	<u>521,274</u>	<u>-</u>
Support Services					
Personal Services - Employee Benefits	105,064	-	105,064	105,064	-
Total Support Services	<u>105,064</u>	<u>-</u>	<u>105,064</u>	<u>105,064</u>	<u>-</u>
Total Expenditures	<u>\$ 626,338</u>	<u>\$ -</u>	<u>\$ 626,338</u>	<u>\$ 626,338</u>	<u>\$ -</u>

Calculation of Budget Carryover

Total Revised 2015-2016 Preschool Education Aid Allocation	\$ 500,959
Add:	
Preschool Education Aid Carryover (June 30, 2015)	
Budgeted Transfer from the General Fund 2015-2016	<u>125,379</u>
Total Preschool Education Aid Funds Available for 2015-2016 Budget	626,338
Less: 2015-2016 Budgeted Preschool Education Aid (Including	
Prior Year Budgeted Carryover)	<u>626,338</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-
Add: June 30, 2016 Unexpended Preschool Education Aid	<u>-</u>
2015-2016 Carryover - Preschool Education Aid Programs	<u>\$ -</u>
2015-2016 Preschool Education Aid Carryover Budgeted in 2016-2017	<u>\$ -</u>

CAPITAL PROJECTS FUND

**LODI BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Prior Years</u>	<u>Current Year Expenditures</u>	<u>Cancellations</u>	<u>Balance, June 30, 2016</u>
Thomas Jefferson Middle School Roof Replacement	\$ 414,424	\$ 21,693	\$ 302,173	\$ 90,558	
Construction of Admin/Child Study Team Building	<u>7,500,000</u>	<u>-</u>	<u>130,333</u>	<u>-</u>	\$ 7,369,667
	<u>\$ 7,914,424</u>	<u>\$ 21,693</u>	<u>\$ 432,506</u>	<u>\$ 90,558</u>	<u>\$ 7,369,667</u>
Fund Balance (GAAP Basis)					<u>\$ 7,369,667</u>
<u>Recapitulation of Fund Balance</u>					
Restricted for Capital Projects					
Encumbrances					\$ 315,197
Available for Capital Projects					<u>7,054,470</u>
Total Fund Balance- Restricted for Capital Projects					<u>\$ 7,369,667</u>

**LODI BOARD OF EDUCATION
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources

Transfer from Capital Reserve	\$ 7,500,000
Interest	<u>615</u>
Total Revenues	<u>7,500,615</u>

Expenditures and Other Financing Uses

Purchased Professional And Technical Services	134,456
Construction Services	298,050
Project Balances Returned to Capital Reserve	90,558
Transfer to General Fund	<u>615</u>
Total Expenditures	<u>523,679</u>

Excess Of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	6,976,936
Fund Balance, Beginning of Year	<u>392,731</u>
Fund Balance, End of Year	<u>\$ 7,369,667</u>

**LODI BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
THOMAS JEFFERSON MIDDLE SCHOOL ROOF REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 178,287		\$ 178,287	\$ 178,287
Local Sources	<u>236,137</u>	<u>\$ (90,558)</u>	<u>145,579</u>	<u>236,137</u>
 Total Revenues	 <u>414,424</u>	 <u>(90,558)</u>	 <u>323,866</u>	 <u>414,424</u>
Expenditures and Other Financing Uses				
Professional Services	21,693	4,123	25,816	33,154
Construction Services	<u>-</u>	<u>298,050</u>	<u>298,050</u>	<u>381,270</u>
 Total Expenditures and Other Financing Uses	 <u>21,693</u>	 <u>302,173</u>	 <u>323,866</u>	 <u>414,424</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 392,731</u>	 <u>\$ (392,731)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	2740-067-14-1006-G04
Grant Date	January 6, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	295,000
Additional Authorized Cost	119,424
Revised Authorized Cost	414,424
 Percentage Increase over Original Authorized	
Cost	40%
Percentage Completion	78%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2015

**LODI BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
CONSTRUCTION OF ADMIN/CHILD STUDY TEAM BUILDING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Local Sources - Capital Reserve	\$ -	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000
 Total Revenues	 -	 7,500,000	 7,500,000	 7,500,000
Expenditures and Other Financing Uses				
Professional Services	-	130,333	130,333	445,530
Construction Services	-	-	-	7,054,470
 Total Expenditures and Other Financing Uses	 -	 130,333	 130,333	 7,500,000
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ -	 \$ 7,369,667	 \$ 7,369,667	 \$ -

Additional Project Information:

Project Number	-
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	7,500,000
Additional Authorized Cost	-
Revised Authorized Cost	7,500,000
 Percentage Increase over Original Authorized Cost	
	0%
Percentage Completion	
	2%
Original Target Completion Date	
	August 31, 2018
Revised Target Completion Date	
	August 31, 2018

PROPRIETARY FUND

**LODI BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**LODI BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 83,286	\$ 10,420	\$ 93,706
Total Assets	<u>\$ 83,286</u>	<u>\$ 10,420</u>	<u>\$ 93,706</u>
LIABILITIES			
Accrued Salaries and Wages		\$ 2,370	\$ 2,370
Due To Other Funds		8,050	8,050
Due to Student Groups	<u>\$ 83,286</u>	<u>-</u>	<u>83,286</u>
Total Liabilities	<u>\$ 83,286</u>	<u>\$ 10,420</u>	<u>\$ 93,706</u>

**LODI BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**LODI BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Thomas Jefferson Middle School	\$ 13,452	\$ 89,627	\$ 87,324	\$ 15,755
Lodi High School	88,138	179,137	205,759	61,516
Athletic Account	3,166	45,686	42,837	6,015
	<u>\$ 104,756</u>	<u>\$ 314,450</u>	<u>\$ 335,920</u>	<u>\$ 83,286</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance,</u> <u>July 1,</u> <u>2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30,</u> <u>2016</u>
Payroll, Deductions, Withholdings and Accrued Salaries and Wages Due To Other Funds	\$ 3,521	\$ 41,708,014	\$ 41,709,165	\$ 2,370
	<u>9,300</u>	<u>8,050</u>	<u>9,300</u>	<u>8,050</u>
Total	<u>\$ 12,821</u>	<u>\$ 41,716,064</u>	<u>\$ 41,718,465</u>	<u>\$ 10,420</u>

LONG-TERM DEBT

**LODI BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**LODI BOARD OF EDUCATION
LONG-TERM DEBT
OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Paid/Refunded</u>	<u>Balance June 30, 2016</u>
School Renovations and Additions	9/15/1997	\$ 6,600,000				\$ 2,780,000		\$ 2,780,000	
Refunding Certificates of Participation	8/13/2015	2,795,000	9/15/16	440,000	2.00 %				
			9/15/17	445,000	2.00				
			9/15/18	465,000	2.00				
			9/15/19	465,000	2.00				
			9/15/20	480,000	2.00				
			9/15/21	225,000	2.00	-	\$ 2,795,000	275,000	\$ 2,520,000
						<u>\$ 2,780,000</u>	<u>\$ 2,795,000</u>	<u>\$ 3,055,000</u>	<u>\$ 2,520,000</u>
								\$ 2,600,000	
								455,000	
								<u>\$ 3,055,000</u>	

**LODI BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 518,095		\$ 518,095	\$ 518,095	
Interest	-	-	-	3	\$ 3
	<u>518,095</u>	<u>-</u>	<u>518,095</u>	<u>518,098</u>	<u>3</u>
Total Revenues					
	<u>518,095</u>	<u>-</u>	<u>518,095</u>	<u>518,098</u>	<u>3</u>
EXPENDITURES					
Debt Service					
Principal Payments - Comm Approved Lease Purchase	365,000	\$ 100,054	465,054	455,000	10,054
Interest for Comm. Approved Lease Purchase	153,098	(100,054)	53,044	35,254	17,790
Costs of Issuance	-	-	-	125,047	(125,047)
	<u>518,098</u>	<u>-</u>	<u>518,098</u>	<u>615,301</u>	<u>(97,203)</u>
Total Expenditures					
	<u>518,098</u>	<u>-</u>	<u>518,098</u>	<u>615,301</u>	<u>(97,203)</u>
Excess (Deficit) of Revenues Over/(Under) Expenditures	(3)	-	(3)	(97,203)	(97,200)
Other Financing Sources (Uses)					
Payments to Escrow Agent				(2,680,585)	(2,680,585)
Premium on Refunding				12,340	12,340
Proceeds from Refunding	-	-	-	2,795,000	2,795,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,755</u>	<u>126,755</u>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3)	-	(3)	29,552	29,555
Fund Balance, Beginning of Year	9	-	9	9	-
Fund Balance, End of Year	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 29,561</u>	<u>\$ 29,555</u>

Restricted Fund Balance

Designated for Subsequent Year's (2016/17) Budget	\$ 6
Available for Debt Service	<u>29,555</u>
	<u>\$ 29,561</u>

STATISTICAL SECTION

This part of the Lodi Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LODI BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment In Capital Assets	\$ 36,677,297	\$ 30,508,317	\$ 29,637,205	\$ 28,464,158	\$ 26,118,850	\$ 28,618,260	\$ 29,592,115	\$ 31,047,402	\$ 32,817,931	\$ 32,826,729
Restricted	5,402	14,630	513,877	1,844,026	908,335	1,122,405	3,187,051	7,161,080	8,472,291	9,235,108
Unrestricted	(11,380,203)	(3,735,367)	(3,007,889)	(2,873,097)	1,158,697	(2,666,682)	988,842	(617,457)	(10,511,258)	(11,092,318)
Total Governmental Activities Net Position	\$ 25,302,496	\$ 26,787,580	\$ 27,143,193	\$ 27,435,087	\$ 28,185,882	\$ 27,073,983	\$ 33,768,008	\$ 37,591,025	\$ 30,778,964	\$ 30,969,519
Business-Type Activities										
Net Investment In Capital Assets	\$ 172,463	\$ 146,612	\$ 134,320	\$ 189,848	\$ 182,679	\$ 180,828	\$ 286,355	\$ 255,647	\$ 266,427	\$ 300,098
Unrestricted	571,712	627,411	712,682	501,722	458,888	275,814	281,952	413,061	382,161	320,432
Total Business-Type Activities Net Position	\$ 744,175	\$ 774,023	\$ 847,002	\$ 691,570	\$ 641,567	\$ 456,642	\$ 568,307	\$ 668,708	\$ 648,588	\$ 620,530
District-Wide										
Net Investment In Capital Assets	\$ 36,849,760	\$ 30,654,929	\$ 29,771,525	\$ 28,654,006	\$ 26,301,529	\$ 28,799,088	\$ 29,878,470	\$ 31,303,049	\$ 33,084,358	\$ 33,126,827
Restricted	5,402	14,630	513,877	1,844,026	908,335	1,122,405	3,187,051	7,161,080	8,472,291	9,235,108
Unrestricted	(10,808,491)	(3,107,956)	(2,295,207)	(2,371,375)	1,617,585	(2,390,868)	1,270,794	(204,396)	(10,129,097)	(10,771,886)
Total District Net Position	\$ 26,046,671	\$ 27,561,603	\$ 27,990,195	\$ 28,126,657	\$ 28,827,449	\$ 27,530,625	\$ 34,336,315	\$ 38,259,733	\$ 31,427,552	\$ 31,590,049

**LODI BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 13,714,561	\$ 10,745,449	\$ 11,643,014	\$ 13,253,883	\$ 14,333,158	\$ 15,643,796	\$ 15,941,575	\$ 21,025,223	\$ 25,286,800	\$ 26,280,042
Special Education	2,493,921	5,053,381	2,881,295	3,847,221	3,287,555	3,283,393	12,588,204	13,529,203	14,968,663	15,749,984
Other Instruction	1,639,851	1,166,159	1,128,600	1,227,693	1,215,915	1,267,586	1,218,306	1,918,561	2,109,553	1,867,675
School Sponsored Activities And Athletics	142,725	419,563	439,086	464,497	421,727	472,499	501,347	653,789	797,017	857,029
Community Services	3,842			2,584						
Support Services										
Student And Instruction Related Services	9,426,542	11,217,737	13,208,848	13,309,881	13,898,994	14,201,748	4,547,314	6,295,710	7,399,427	8,505,882
General Administration	735,993	616,025	637,171	654,528	706,773	831,457	836,061	1,031,137	1,146,902	1,431,245
School Administrative Services	1,969,012	2,036,344	2,104,365	2,152,492	2,184,867	2,268,377	2,236,611	3,080,163	3,677,520	3,668,600
Plant Operations And Maintenance	3,474,150	3,704,434	4,016,823	3,628,911	4,152,352	4,042,757	3,871,420	6,261,688	5,923,142	6,285,496
Pupil Transportation	1,627,480	1,722,660	1,794,386	2,148,972	2,058,984	1,695,122	1,982,970	1,945,076	1,754,530	2,191,051
Business Services	581,413	596,214	669,168	630,553	708,479	677,795	712,482	895,792	1,017,553	1,050,862
Unallocated Employee Benefits	10,509,509	10,046,522	8,392,170	10,656,550	10,501,947	12,751,252	8,854,106			
Capital Outlay	1,204,439	1,773,175	1,654,454	1,583,169	1,419,886	1,537,681	996,241			
Interest On Long-Term Debt and Other Charges	392,922	373,996	349,132	323,084	293,710	261,962	235,894	295,362	204,430	171,998
Total Governmental Activities Expenses	47,916,360	49,471,659	48,918,512	53,884,018	55,184,347	58,935,425	54,522,531	56,931,704	64,285,537	68,059,864
Business-Type Activities:										
Food Service	1,119,725	1,187,309	1,224,747	1,532,889	1,417,767	1,509,584	1,324,732	1,318,033	1,365,030	1,375,593
Total Business-Type Activities Expense	1,119,725	1,187,309	1,224,747	1,532,889	1,417,767	1,509,584	1,324,732	1,318,033	1,365,030	1,375,593
Total District Expenses	\$ 49,036,085	\$ 50,658,968	\$ 50,143,259	\$ 55,416,907	\$ 56,602,114	\$ 60,445,009	\$ 55,847,263	\$ 58,249,737	\$ 65,650,567	\$ 69,435,457
Program Revenues										
Governmental Activities:										
Charges For Services			\$ 12,707	\$ 20,644		\$ 21,549		\$ 43,902	\$ 119,939	\$ 109,712
Operating Grants And Contributions	\$ 10,547,124	\$ 11,694,112	6,088,796	7,130,171	\$ 7,450,173	8,621,547	\$ 9,680,663	8,703,944	14,696,528	16,756,882
Capital Grants And Contributions				4,497,414	145,780		339,798	339,798	405,010	165,177
Total Governmental Activities Program Revenues	10,547,124	11,694,112	6,101,503	11,648,229	7,595,953	8,643,096	9,680,663	9,087,644	15,221,477	17,031,771
Business-Type Activities:										
Charges For Services										
Food Service	678,238	596,386	642,538	627,622	655,407	548,607	497,591	491,476	458,194	437,137
Operating Grants And Contributions	556,460	608,552	650,914	749,603	712,153	776,024	938,799	926,945	886,686	913,865
Total Business Type Activities Program Revenues	1,234,698	1,204,938	1,293,452	1,377,225	1,367,560	1,324,631	1,436,390	1,418,421	1,344,880	1,351,002
Total District Program Revenues	\$ 11,781,822	\$ 12,899,050	\$ 7,394,955	\$ 13,025,454	\$ 8,963,513	\$ 9,967,727	\$ 11,117,053	\$ 10,506,065	\$ 16,566,357	\$ 18,382,773

LODI BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental Activities	\$ (37,369,236)	\$ (37,777,547)	\$ (42,817,009)	\$ (42,235,789)	\$ (47,588,394)	\$ (50,292,329)	\$ (44,841,868)	\$ (47,844,060)	\$ (49,064,060)	\$ (51,028,093)
Business-Type Activities	114,973	17,629	68,705	(155,664)	(50,207)	(184,953)	111,658	100,388	(20,150)	(24,591)
Total District-Wide Net Expense	\$ (37,254,263)	\$ (37,759,918)	\$ (42,748,304)	\$ (42,391,453)	\$ (47,638,601)	\$ (50,477,282)	\$ (44,730,210)	\$ (47,743,672)	\$ (49,084,210)	\$ (51,052,684)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 31,679,127	\$ 32,701,525	\$ 32,514,298	\$ 33,705,497	\$ 37,525,554	\$ 37,849,957	\$ 38,712,642	\$ 39,463,253	\$ 38,878,553	\$ 39,028,935
State Aid	5,979,224	6,556,476	11,575,701	9,463,078	10,633,027	11,168,711	11,803,487	11,913,661	11,984,254	11,956,668
Federal Sources	10,302	29,775	51,553							
Interest Earned on Capital Reserve Funds	104	204	57							
Miscellaneous Income	501,397	607,413	139,993	434,851	232,198	168,208	400,192	290,825	341,201	232,623
Donation of Capital Assets								4,805	72,923	6,945
Loss on Disposal of Capital Assets								(5,467)		(6,523)
LPA Adjustments			606							
Transfers	(48,609)	(632,762)	(1,109,586)	(1,075,743)	(51,600)			-		
Total Governmental Activities	38,121,545	39,262,631	43,172,622	42,527,683	48,339,179	49,186,876	50,916,321	51,667,077	51,276,931	51,218,648
Business-Type Activities:										
Unrestricted Miscellaneous Revenues	16,248	12,219	4,274	232	204	28	7	13	30	44
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	(3,511)
Total Business-Type Activities	16,248	12,219	4,274	232	204	28	7	13	30	(3,467)
Total District-Wide	\$ 38,137,793	\$ 39,274,850	\$ 43,176,896	\$ 42,527,915	\$ 48,339,383	\$ 49,186,904	\$ 50,916,328	\$ 51,667,090	\$ 51,276,961	\$ 51,215,181
Change in Net Position										
Governmental Activities	\$ 752,309	\$ 1,485,084	\$ 355,613	\$ 291,894	\$ 750,785	\$ (1,105,453)	\$ 6,074,453	\$ 3,823,017	\$ 2,212,871	\$ 190,555
Business-Type Activities	131,221	29,848	72,979	(155,432)	(50,003)	(184,925)	111,665	100,401	(20,120)	(28,058)
Total District	\$ 883,530	\$ 1,514,932	\$ 428,592	\$ 136,462	\$ 700,782	\$ (1,290,378)	\$ 6,186,118	\$ 3,923,418	\$ 2,192,751	\$ 162,497

LODI BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 3,039,725	\$ 5,323,649	\$ 5,766,148	\$ 4,712,924						
Unreserved	442,843	415,663	(149,515)	53,643						
Restricted					\$ 3,541,328	\$ 3,279,628	\$ 4,979,845	\$ 8,186,028	\$ 9,392,393	\$ 3,082,707
Committed					-	-	-	835,457	854,750	383,000
Assigned					2,603,437	2,278,695	4,009,119	507,162	73,969	185,537
Unassigned					(22,765)	(103,843)	(211,131)	(657,736)	(643,189)	(500,082)
Total General Fund	<u>\$ 3,482,568</u>	<u>\$ 5,739,312</u>	<u>\$ 5,616,633</u>	<u>\$ 4,766,567</u>	<u>\$ 6,122,000</u>	<u>\$ 5,454,480</u>	<u>\$ 8,777,833</u>	<u>\$ 8,870,911</u>	<u>\$ 9,677,923</u>	<u>\$ 3,151,162</u>
All Other Governmental Funds										
Reserved			\$ 3							
Unreserved	\$ 5,402	\$ 6,470	5,657	\$ 1,835,729						
Restricted					\$ 32	\$ 13,465	\$ 13,451	\$ 508,320	\$ 227,563	\$ 7,399,228
Unassigned							(41,388)	(55,330)	(50,096)	
Total All Other Governmental Funds	<u>\$ 5,402</u>	<u>\$ 6,470</u>	<u>\$ 5,660</u>	<u>\$ 1,835,729</u>	<u>\$ 32</u>	<u>\$ 13,465</u>	<u>\$ 13,451</u>	<u>\$ 466,932</u>	<u>\$ 172,233</u>	<u>\$ 7,349,132</u>

Beginning with 2010/11 Fiscal Year, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required

LODI BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 31,679,127	\$ 32,701,525	\$ 32,514,298	\$ 33,705,497	\$ 37,525,554	\$ 37,849,957	\$ 38,712,642	\$ 39,463,253	\$ 38,878,553	\$ 39,028,935
Tuition Charges	15,170	12,350	12,707	20,644		21,549		43,902	119,939	109,712
Interest on Capital Reserve Funds	104	204	57	81	4	21	21	139	300	595
Interest on Emergency Reserve Funds					2	619	671	623	639	670
Miscellaneous	486,227	595,063	139,993	434,851	232,198	233,287	409,198	290,064	241,412	246,514
State Sources	15,160,494	16,849,532	16,295,245	16,499,190	16,501,349	17,637,839	19,620,424	19,199,528	20,332,965	20,808,518
Federal Sources	1,376,156	1,430,831	1,420,805	4,591,473	1,727,625	2,086,700	1,854,028	1,757,875	1,794,222	1,911,292
Total Revenues	48,717,278	51,589,505	50,383,105	55,251,736	55,986,732	57,829,972	60,596,984	60,755,384	61,368,030	62,106,236
Expenditures										
Instruction										
Regular Instruction	13,714,561	10,745,449	11,643,014	13,253,883	14,333,148	15,643,796	15,286,421	21,818,161	22,169,857	22,516,384
Special Education Instruction	2,493,921	5,053,381	2,881,295	3,847,221	3,287,555	3,283,393	3,259,461	13,697,743	14,419,203	15,093,336
Other Instruction	1,367,523	1,160,224	1,128,600	1,227,693	1,215,915	1,267,586	1,159,670	2,009,587	1,813,691	1,549,205
School Sponsored Activities And Athletics	415,053	419,563	439,086	464,497	421,727	472,499	501,347	672,369	690,895	730,487
Community Services	3,842	5,935		2,584						
Support Services										
Student & Inst. Related Services	9,426,542	11,217,737	13,208,848	13,309,881	13,898,994	14,201,748	14,589,847	6,518,298	6,751,297	7,640,832
General Administration	735,993	616,025	637,171	654,528	706,773	831,457	836,061	1,049,110	1,119,251	1,090,123
School Administration	1,969,012	2,036,344	2,104,365	2,152,492	2,184,867	2,268,377	2,236,611	3,227,255	3,313,646	3,279,742
Plant Operations And Maintenance	3,474,150	3,704,434	4,016,823	3,628,911	4,152,352	4,042,757	3,871,420	4,691,988	4,406,730	4,539,439
Pupil Transportation	1,627,480	1,722,660	1,794,386	2,148,972	2,058,984	1,695,122	1,982,970	1,945,076	1,754,530	2,191,051
Business Services	581,413	596,214	669,168	630,553	708,479	677,795	712,482	935,599	966,118	971,862
Unallocated Employee Benefits	11,322,042	10,042,774	9,412,384	10,791,488	10,432,883	12,879,461	11,045,854			
Capital Outlay	54,280	449,195	533,342	145,203	2,080,009	461,660	1,046,972	2,857,181	2,773,383	1,331,847
Debt Service										
Principal	528,970	555,000	579,394	614,997	640,000	490,000	515,000	544,998	465,000	455,000
Interest And Other Charges	393,952	373,996	349,132	323,087	293,710	261,962	235,894	241,540	212,116	193,545
Total Expenditures	48,108,734	48,698,931	49,397,008	53,195,990	56,415,396	58,477,613	57,280,010	60,208,905	60,855,717	61,582,853
Excess (Deficiency) Of Revenues Over (Under) Expenditures	608,544	2,890,574	986,097	2,055,746	(428,664)	(647,641)	3,316,974	546,479	512,313	523,383
Other Financing Sources (Uses)										
Payments to Escrow Agent (Refunding)										(2,680,585)
Proceeds from Refunding										2,795,000
Premium on Refunding										12,340
Transfers In								880,724	282,842	7,716,552
Transfers Out	(48,609)	(632,762)	(1,109,586)	(1,075,743)	(51,600)			(880,724)	(282,842)	(7,716,552)
Total Other Financing Sources (Uses)	(48,609)	(632,762)	(1,109,586)	(1,075,743)	(51,600)	-	-	-	-	126,755
Net Change In Fund Balances	\$ 559,935	\$ 2,257,812	\$ (123,489)	\$ 980,003	\$ (480,264)	\$ (647,641)	\$ 3,316,974	\$ 546,479	\$ 512,313	\$ 650,138
Debt Service As A Percentage Of Noncapital Expenditures	1.92%	1.93%	1.90%	1.77%	1.72%	1.30%	1.34%	1.37%	1.17%	1.08%

* Noncapital expenditures are total expenditures less capital outlay.

**LODI BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30	<u>Interest</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 192,695	\$ 15,170	\$ 118,853	\$ 174,452	\$ 501,170
2008	165,307	12,350	424,299	1,887	603,843
2009	47,977		91,184	410	139,571
2010	3,036		223,020	208,743	434,799
2011	3,137		209,680	19,412	232,229
2012	262		166,864	1,078	168,204
2013	40		161,456	238,694	400,190
2014	971	43,902	125,361	164,494	334,728
2015	1,373	119,939	43,729	191,014	356,055
2016	1,789	109,712	26,832	203,384	341,717

Source : District Records

LODI BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 12,064,400	\$ 1,391,425,900	\$ 261,751,100	\$ 127,848,000	\$ 138,552,000	\$ 1,931,641,400	\$ 2,004,136	\$ 1,933,645,536	\$ 2,069,742,996	\$ 1.595
2007	12,173,700	1,410,476,800	253,309,900	134,837,300	137,552,000	1,948,349,700	1,840,005	1,950,189,705	2,342,082,157	1.651
2008	7,274,700	1,416,914,100	267,186,800	131,949,300	137,836,600	1,961,161,500	2,042,681	1,963,204,181	2,445,640,300	1.661
2009	6,849,400	1,416,454,300	263,971,900	131,949,300	136,929,100	1,956,154,000	2,068,996	1,958,222,996	2,501,240,098	1.691
2010	9,257,200	1,418,646,900	262,212,400	124,511,800	136,831,600	1,951,459,900	3,965,260	1,955,425,160	2,384,862,393	1.821
2011	9,104,300	1,415,542,300	263,238,000	124,065,300	136,957,600	1,948,907,500	3,314,156	1,952,221,656	2,209,792,311	1.931
2012	9,104,300	1,414,368,100	263,305,600	122,614,100	136,472,400	1,945,864,500	3,409,544	1,949,274,044	2,066,736,528	1.964
2013	8,821,800	1,413,420,900	259,623,100	122,451,100	135,466,300	1,939,783,200	93,220	1,939,876,420	2,093,287,811	2.015
2014	8,838,400	1,411,681,200	259,022,100	118,490,200	135,466,300	1,933,498,200	98,390	1,933,596,590	1,977,484,838	2.026
2015	9,404,800	1,409,360,700	261,520,200	118,290,200	135,466,300	1,934,042,200	93,880	1,934,136,080	2,071,774,153	2.014

Source: Bergen County Abstract of Ratables

^a Tax rates are per \$100

**LODI BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Assessment Year</u>	<u>School District</u>	<u>Borough</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
2006	\$ 1.595	\$ 0.786	\$ 0.189	\$ 0.010	\$ 2.580
2007	1.651	0.873	0.206	0.010	2.740
2008	1.661	0.898	0.218	0.013	2.790
2009	1.691	0.883	0.232	0.013	2.819
2010	1.821	0.882	0.233	0.003	2.939
2011	1.931	0.899	0.232	0.003	3.065
2012	1.964	0.906	0.230	0.003	3.103
2013	2.015	0.918	0.244	0.003	3.180
2014	2.026	0.930	0.234	0.003	3.193
2015	2.014	0.932	0.254	0.003	3.203

Source: Borough of Lodi, Tax Assessor

**LODI BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Cedar Wright Gardens	\$ 27,697,100	1.43%		
Lodi UE LLC	20,553,200	1.06%		
Parker Properties c/o The Home Depot	16,266,600	0.84%		
Rothman, Leonard & Mildred	13,154,700	0.68%		
UE Lodi Delaware LLC	12,415,400	0.64%		
Lodi Market, LLC	11,345,700	0.59%		
Kmart Corp.	10,000,000	0.52%		
Cedar Wright Gardens c/o J. Ratner	8,955,700	0.46%		
240 Associates c/o David F. Bolger	8,000,000	0.41%		
Vista Garden Associates, LLC	7,790,900	0.40%		
			Information Not Available	
Total	\$ 136,179,300	7.04%	\$ -	0.00%

Source: Municipal Tax Assessor

**LODI BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 31,679,127	\$ 31,679,127	100.00%	-
2008	32,701,525	32,701,525	100.00%	-
2009	32,514,298	32,514,298	100.00%	-
2010	33,705,497	33,705,497	100.00%	-
2011	37,525,554	37,525,554	100.00%	-
2012	37,849,957	37,849,957	100.00%	-
2013	38,712,642	38,712,642	100.00%	-
2014	39,463,253	37,818,951	95.83%	\$ 1,644,302
2015	38,878,553	38,878,553	100.00%	-
2016	39,028,935	39,028,935	100.00%	-

**LODI BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Governmental Activities

Fiscal Year Ended June 30,	Pension Refunding Bonds	Certificates of Participation	Total School District	Population	Per Capita
2007	\$ 2,105,000	\$ 5,080,000	\$ 7,185,000	23,822	\$ 302
2008	1,785,000	4,845,000	6,630,000	23,747	279
2009	1,455,000	4,595,000	6,050,000	23,705	255
2010	1,105,000	4,330,000	5,435,000	23,766	229
2011	740,000	4,055,000	4,795,000	24,185	198
2012	545,000	3,760,000	4,305,000	24,353	177
2013	340,000	3,450,000	3,790,000	24,467	155
2014	120,000	3,125,000	3,245,000	24,610	132
2015		2,780,000	2,780,000	24,713	112
2016		2,520,000	2,520,000	24,835	101

Source: District records

LODI BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	Pension Refunding Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2007	\$ 2,105,000	\$ 2,105,000	\$ -	0.00%	\$ -
2008	1,785,000	1,785,000	-	0.00%	-
2009	1,455,000	1,455,000	-	0.00%	-
2010	1,105,000	1,105,000	-	0.00%	-
2011	740,000	740,000	-	0.00%	-
2012	545,000	545,000	-	0.00%	-
2013	340,000	340,000	-	0.00%	-
2014	120,000	120,000	-	0.00%	-
2015	-	-	-	-	-
2016	-	-	-	-	-

Source: District records

N/A - Information Not Available

**LODI BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2016
(Unaudited)**

Net Direct Debt of School District as of June 30, 2016		\$ -
Net Overlapping Debt of School District		
Borough of Lodi	\$ 21,801,797	
Bergen County (A)	12,138,956	
Passaic Valley Sewerage Commission (B)	<u>3,319,308</u>	
		<u>37,260,061</u>
 Total Direct and Overlapping Debt as of June 30, 2016		 <u>\$ 37,260,061</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2016 equalized valuation by the total 2016 equalized valuation for Bergen County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Borough of Lodi 2015 Annual Debt Statement
- (2) Bergen County 2015 Annual Debt Statement
- (3) Passaic Valley Sewerage Commission

**LODI BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	23,822	\$ 68,147	4.3%
2008	23,747	68,548	5.6%
2009	23,705	64,571	9.9%
2010	23,766	65,275	10.2%
2011	24,185	68,244	10.0%
2012	24,353	71,380	10.2%
2013	24,467	70,498	7.8%
2014	24,610	73,536	7.8%
2015	24,713	N/A	6.5%
2016	24,835	N/A	N/A

Source: New Jersey State Department of Education

N/A - Information Not Available

**LODI BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

INFORMATION NOT AVAILABLE

LODI BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction									
Regular	222	230	208	208	186	187	191	186	185
Special Education	12	12	13	13	30	30	29	28	29
Other Instruction	21	18	18	18	19	19	16	21	21
School Sponsored Activities And Athletics	2	2	2	2					
Support Services									
Student and Instruction Related Services	17	19	17	17	16	16	16	16	15
General Administration	6	6	6	6	5	5	5	5	5
School Administrative Services	23	23	24	24	23	23	23	23	23
Central Services	5	5	5	5	5	5	5	5	5
Administrative Information Technology	2	3	2	2	2	2	2	2	2
Plant Operations and Maintenance	31	30	33	33	26	26	26	26	26
Other Support Services	17	19	39	39	23	23	23	23	24
Total	<u>358</u>	<u>367</u>	<u>367</u>	<u>367</u>	<u>335</u>	<u>336</u>	<u>336</u>	<u>335</u>	<u>335</u>

Source: District Personnel Records

LODI BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment	Operating Expenditures (A)	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	3,175	\$ 43,573,173	\$ 13,723	6.79%	254	3,175	3,011	1.59%	94.83%
2008	3,163	42,925,660	13,572	-1.10%	257	3,163	2,978	-0.39%	94.15%
2009	3,199	45,868,377	14,340	5.66%	262	3,199	3,022	1.13%	94.48%
2010	3,218	49,045,871	15,241	6.28%	241	3,218	3,044	0.61%	94.59%
2011	3,274	50,112,734	15,308	0.44%	241	3,274	3,073	1.73%	93.87%
2012	3,316	53,699,008	16,194	5.79%	235	3,316	3,138	1.29%	94.63%
2013	3,293	51,835,097	15,743	-2.78%	236	3,293	3,112	-0.71%	94.52%
2014	3,310	56,565,186	17,089	8.55%	236	3,310	3,120	0.53%	94.26%
2015	3,227	57,405,218	17,789	4.10%	235	3,227	3,035	-2.51%	94.05%
2016	3,202	59,602,461	18,614	4.64%	235	3,202	3,020	-0.77%	94.32%

Student/Faculty Ratios

	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
Columbus	16.0 to 1	15.4 to 1	12.4 to 1	10.3 to 1	10.4 to 1	13.8 to 1	17.3 to 1	18.0 to 1	16.0 to 1	17.0 to 1
Hilltop	14.9 to 1	14.6 to 1	10.2 to 1	10.8 to 1	15.4 to 1	14.5 to 1	17.5 to 1	16.0 to 1	16.1 to 1	15.0 to 1
Roosevelt	16.0 to 1	14.6 to 1	14.7 to 1	15.6 to 1	16.3 to 1	13.3 to 1	13.4 to 1	12.0 to 1	14.0 to 1	13.0 to 1
Washington	14.3 to 1	15.7 to 1	15.4 to 1	11.7 to 1	16.0 to 1	15.8 to 1	18.3 to 1	16.0 to 1	16.0 to 1	16.0 to 1
Wilson	14.6 to 1	14.6 to 1	14.0 to 1	14.6 to 1	10.7 to 1	12.1 to 1	14.6 to 1	16.0 to 1	16.0 to 1	16.0 to 1
Thomas Jefferson Middle School	11.6 to 1	12.2 to 1	12.4 to 1	11.8 to 1	12.7 to 1	13.3 to 1	13.0 to 1	12.0 to 1	12.0 to 1	13.0 to 1
Lodi High School	12.1 to 1	12.0 to 1	12.2 to 1	12.0 to 1	12.4 to 1	12.8 to 1	12.8 to 1	11.0 to 1	15.0 to 1	14.0 to 1

Sources: District records

(A) Includes General and Special Revenue Funds

N/A - Not Available

**LODI BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS
(Unaudited)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>									
<u>Lodi High School</u>									
Square Feet	139,800	139,800	139,800	139,800	139,800	139,800	139,800	139,509	139,509
Capacity (students)	836.40	836.40	836.40	836.40	836.40	836.40	836.40	836.40	836.40
Enrollment	881.20	891.20	883.20	903.70	914.30	951.50	990.64	919.49	908.64
<u>Thomas Jefferson Middle School</u>									
Square Feet	86,700	86,700	86,700	86,700	86,700	86,700	86,700	88,900	88,900
Capacity (students)	651.10	651.10	651.10	651.10	651.10	651.10	651.10	651.10	651.10
Enrollment "	759.20	734.70	764.80	802.00	763.80	732.50	683.99	714.91	715.43
<u>Columbus Elementary School</u>									
Square Feet	42,400	42,400	42,400	42,400	42,400	42,400	42,400	42,100	42,100
Capacity (students)	289.80	289.80	289.80	289.80	289.80	289.80	289.80	289.80	289.80
Enrollment	246.50	250.40	263.90	254.80	259.50	265.50	278.41	294.51	297.23
<u>Hilltop Elementary School</u>									
Square Feet	54,340	54,340	54,340	54,340	54,340	54,340	54,340	64,340	64,340
Capacity (students)	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00
Enrollment	399.50	401.40	379.10	397.30	412.80	405.80	392.02	378.19	358.89
<u>Roosevelt Elementary School</u>									
Square Feet	18,150	18,150	18,150	18,150	18,150	18,150	18,150	16,736	16,736
Capacity (students)	142.80	142.80	142.80	142.80	142.80	142.80	142.80	142.80	142.80
Enrollment	150.90	161.50	162.30	155.70	162.00	164.30	181.41	175.17	179.76
<u>Washington Elementary School</u>									
Square Feet	58,170	58,170	58,170	58,170	58,170	58,170	58,170	57,200	57,200
Capacity (students)	414.30	414.30	414.30	414.30	414.30	414.30	414.30	414.30	414.30
Enrollment	380.60	393.80	414.10	420.40	439.90	424.50	420.18	407.94	393.15
<u>Wilson Elementary School</u>									
Square Feet	53,640	53,640	53,640	53,640	53,640	53,640	53,640	51,500	51,500
Capacity (students)	400.80	400.80	400.80	400.80	400.80	400.80	400.80	400.80	400.80
Enrollment	345.00	365.60	350.70	339.80	363.60	348.40	363.14	336.65	348.73

Number of Schools at June 30, 2016

Elementary = 5

Middle School = 1

High School = 1

Source: District Records

**LODI BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

<u>School</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Lodi High School	\$ 258,111	\$ 322,879	\$ 448,831	\$ 333,061	\$ 395,045	\$ 620,761	\$ 591,266	\$ 341,052	\$ 323,465	\$ 359,460
Columbus School	78,268	50,159	48,607	54,186	119,666	79,873	116,925	181,977	79,243	124,956
Hilltop School	102,863	88,815	72,725	241,163	369,802	120,795	139,447	102,696	64,946	80,662
Thomas Jefferson Middle School	154,295	173,092	251,587	201,323	183,390	208,772	106,852	99,349	215,045	216,811
Lincoln School	34,288	34,187	44,429	23,570	69,773	38,681	64,533	69,248	29,471	25,769
Roosevelt School	34,288	41,781	19,775	24,464	51,485	90,670	32,867	44,030	56,788	41,656
Washington School	102,863	102,086	195,658	53,030	82,805	198,665	101,348	106,419	106,591	115,960
Wilson School	94,291	65,745	84,244	89,483	123,669	176,500	105,889	142,372	86,764	75,559
Grand Total	\$ 859,267	\$ 878,744	\$ 1,165,856	\$ 1,020,280	\$ 1,395,635	\$ 1,534,717	\$ 1,259,127	\$ 1,087,143	\$ 962,313	\$ 1,040,833

**LODI BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)**

<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
Property Coverages		
Special Form R.C.		
Blanket Building and Contents	\$ 113,607,400	\$ 5,000
Equipment Breakdown	100,000,000	Environmental Coverage
Extra Expenses	50,000,000	Included \$1,000,000 Each
Valuable Papers	10,000,000	Pollution Event
		\$11,000,000 Group Policy
		Aggregate
EDP	1,226,138	1,000
Liability Coverages		
General Liability	16,000,000	25,000
Crime		
Faithful Performance	100,000	500
forgery and Alteration	25,000	
Money and Securities	10,000	
Automobile Coverage		
Liability	16,000,000	
Auto Physical Damage		1,000
School Leaders Errors and Omissions	16,000,000	10,000
Bond - School Business Administrator	C.N.A.	325,000

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Lodi Board of Education
Lodi, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lodi Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Lodi Board of Education's basic financial statements and have issued our report thereon dated September 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lodi Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Lodi Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lodi Board of Education's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lodi Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lodi Board of Education’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Lodi Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
September 16, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Lodi Board of Education
Lodi, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Lodi Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Lodi Board of Education’s major federal and state programs for the fiscal year ended June 30, 2016. The Lodi Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Lodi Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Lodi Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Lodi Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Lodi Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Lodi Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lodi Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lodi Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lodi Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated September 16, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
September 16, 2016

LODI BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2015			Cash Received	Budgetary Expenditures	Adjustment	Prior Year Reclassification	Balance June 30, 2016			Memo GAAP Receivable
					(Accounts Receivable)	Uncearned Revenue	Due to Grantor					(Accounts Receivable)	Uncearned Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
Medicaid Reimbursement - MAC	93.778	1605NJ5MAP	7/01/15-6/30/16	\$ 7,491			\$ 7,491	\$ 7,491							
Medicaid Assistance Program	93.778	1605NJ5MAP	7/01/15-6/30/16	90,344	-	-	67,954	90,344	-	-	-(22,390)	-	-	-(22,390)	
Total Medicaid					-	-	75,445	97,835	-	-	-(22,390)	-	-		
Title I	84.010	S010A150030	7/01/15-6/30/16	797,500			550,157	797,500			-(247,343)			(247,343)	
Title I	84.010		7/01/14-6/30/15	664,547	-(270,028)	-	270,028	-	-	-	-	-	-		
Total Title I					-(270,028)	-	820,185	797,500	-	-	-(247,343)	-	-		
Title II, Part A	84.367	S367A150029	7/01/15-6/30/16	105,606			75,163	105,606			-(30,443)			(30,443)	
Title II, Part A	84.367		7/01/14-6/30/15	111,465	-(43,867)	-	43,867	-	-	-	-	-	-		
Total Title II, Part A					-(43,867)	-	119,030	105,606	-	-	-(30,443)	-	-		
Title III	84.365	S365A150030	7/01/15-6/30/16	40,271			17,119	40,271			-(23,152)			(23,152)	
Title III	84.365		7/01/14-6/30/15	48,712	-(29,205)	-	29,205	-	-	-	-	-	-		
Total Title III					-(29,205)	-	46,324	40,271	-	-	-(23,152)	-	-		
IDEA Part B - Basic	84.027	H027A150100	7/01/15-6/30/16	823,889			\$ 20	801,440	811,456	-(20)		-(22,449)	\$ 12,433	(10,016)	
IDEA Part B - Basic	84.027		7/01/14-6/30/15	802,000	-(16,340)	\$ 20	-(20)	16,320	-	20	-	-	-		
IDEA Part B - Preschool	84.173	H173A150114	7/01/15-6/30/16	25,882	-	-	-	25,882	25,882	-	-	-	-		
Total IDEA Part B					-(16,340)	20	-	843,642	837,338	-	-	-(22,449)	12,433		
Carl D. Perkins Grant	84.048	V048A140030	7/01/15-6/30/16	22,742				21,480	22,742			-(1,262)		(1,262)	
Total Carl D. Perkins					-	-	-	21,480	22,742	-	-	-(1,262)	-		
NJ Partnership HIV STD and Pregnancy Prev.	93.079	1U87PS004149	8/01/14-7/31/15	5,000				5,000	5,000			-(5,000)		(5,000)	
NJ Partnership HIV STD and Pregnancy Prev.	93.079	1U87PS004149	8/01/15-7/31/16	5,000	-	-	-	-	5,000	-	-	-	-		
Total NJ Partnership					-	-	-	5,000	10,000	-	-	-(5,000)	-		
Total U.S. Department of Education					-(359,440)	20	-	1,931,106	1,911,292	-	-	-(352,039)	12,433	(339,606)	
U.S.D.A. Department of Agriculture															
Passed Through State Department of Education															
School Breakfast Program	10.553		9/01/14-6/30/15	56,575	-(2,874)			2,874							
School Breakfast Program	10.553	16161NJ304N1099	9/01/15-6/30/16	57,623				47,088	57,623			-(10,535)		-(10,535)	
National School Lunch Program	10.555		9/01/14-6/30/15	735,444	-(38,992)			38,992							
National School Lunch Program	10.555	16161NJ304N1099	9/01/15-6/30/16	746,285				626,522	746,285			-(119,763)		-(119,763)	
Special Milk Program for Children	10.556		9/01/14-6/30/15	2,506	-(160)			160							
Special Milk Program for Children	10.556	16161NJ304N1099	9/01/15-6/30/16	1,757				1,461	1,757			-(296)		-(296)	
Non-Cash Assistance (Food Distribution)	10.555		9/01/14-6/30/15	79,265		8,026		8,026							
Non-Cash Assistance (Food Distribution)	10.555	16161NJ304N1099	9/01/15-6/30/16	88,728	-	-	-	88,728	83,824	-	-	-	4,894	-	
Total U.S.D.A. Department of Agriculture					-(42,026)	8,026	-	805,825	897,525	-	-	-(130,594)	4,894	(130,594)	
US Department of Homeland Security															
FEMA - Tropical Storm Jonas				27,434					27,434			-(27,434)		-(27,434)	
Total U.S. Department of Homeland Security					-	-	-	-	27,434	-	-	-(27,434)	-	-(27,434)	
Total Federal Financial Awards					\$ (401,466)	\$ 8,046	\$ -	\$ 2,736,931	\$ 2,836,251	\$ -	\$ -	\$ (510,067)	\$ 17,327	\$ (497,634)	

LODI BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year Balances	Balance June 30, 2016			Memorandum		
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
General Fund:															
Equalization Aid	15-495-034-5120-078	7/01/14-6/30/15	\$ 11,767,636	\$ (1,037,196)		\$ 1,037,196								*	
Equalization Aid	16-495-034-5120-078	7/01/15-6/30/16	11,767,636			10,771,846	\$ 11,767,636				\$ (995,790)			*	\$ 11,767,636
Categorical Special Education Aid	15-495-034-5120-089	7/01/14-6/30/15	2,096,287	(184,766)		184,766								*	-
Categorical Special Education Aid	16-495-034-5120-089	7/01/15-6/30/16	2,096,287			1,918,897	2,096,287				(177,390)			*	2,096,287
Categorical Security Aid	15-495-034-5120-084	7/01/14-6/30/15	224,397	(19,778)		19,778								*	-
Categorical Security Aid	16-495-034-5120-084	7/01/15-6/30/16	224,397			205,409	224,397				(18,988)			*	224,397
Under Adequacy Aid	15-495-034-5120-096	7/01/14-6/30/15	76,849	(6,774)		6,774								*	-
Under Adequacy Aid	16-495-034-5120-096	7/01/15-6/30/16	76,849			70,346	76,849				(6,503)			*	76,849
Paroc Readiness Aid	15-495-034-5120-098	7/01/14-6/30/15	35,130	(3,096)		3,096								*	-
Paroc Readiness Aid	16-495-034-5120-098	7/01/15-6/30/16	35,130			32,157	35,130				(2,973)			*	35,130
Per Pupil Growth Aid	15-495-034-5120-097	7/01/14-6/30/15	35,130	(3,096)		3,096								*	-
Per Pupil Growth Aid	16-495-034-5120-097	7/01/15-6/30/16	35,130			32,157	35,130				(2,973)			*	35,130
Total State Aid Public				(1,254,706)		14,285,518	14,235,429				(1,204,617)			#	14,235,429
Categorical Transportation Aid	15-495-034-5120-014	7/01/14-6/30/15	133,818	(11,795)		11,795								*	-
Categorical Transportation Aid	16-495-034-5120-014	7/01/15-6/30/16	133,818			122,494	133,818				(11,324)			*	133,818
Extraordinary Aid	15-100-034-5120-473	7/01/14-6/30/15	543,138	(543,138)		543,138								*	-
Extraordinary Aid	16-100-034-5120-473	7/01/15-6/30/16	663,582				663,582				(663,582)			*	663,582
TPAF Social Security Contribution	16-495-034-5094-003	7/01/15-6/30/16	1,475,640			1,403,376	1,475,640				(72,264)			*	1,475,640
TPAF Pension Contribution - NCGI	16-495-034-5094-004	7/01/15-6/30/16	77,580			77,580	77,580							*	77,580
TPAF Pension Contribution	16-495-034-5094-006	7/01/15-6/30/16	1,557,398			1,557,398	1,557,398							*	1,557,398
TPAF Pension Contribution - Post Retirement	16-100-034-5095-001	7/01/15-6/30/16	1,946,808			1,946,808	1,946,808							*	1,946,808
Total General Fund				(1,809,639)		19,948,107	20,090,255				(1,951,787)			*	(72,264)
Special Revenue Fund:															
Preschool Education Aid (State Share)	15-495-034-5120-086	7/01/14-6/30/15	553,298	(55,330)		55,330								*	-
Preschool Education Aid (State Share)	16-495-034-5120-086	7/01/15-6/30/16	500,959			450,863	626,338	\$ 125,379			(50,096)			*	626,338
New Jersey Nonpublic Aid:															
Nursing Aid	16-100-034-5120-070	7/01/15-6/30/16	19,080			19,080	19,080							*	19,080
Textbooks	16-100-034-5120-064	7/01/15-6/30/16	11,763			11,763	11,763							*	11,763
Textbooks	13-100-034-5120-064	7/01/12-6/30/13	7,576	186								\$ 186		*	-
Technology Aid	16-100-034-5120-373	7/01/15-6/30/16	5,356			5,356	5,356							*	5,356
Security Aid			5,300			5,300	5,300							*	5,300
Auxiliary Services															
Compensatory Education	15-100-034-5120-067	7/01/14-6/30/15	40,311	2,239					\$ 2,239					*	-
Compensatory Education	16-100-034-5120-067	7/01/15-6/30/16	41,710			41,710	39,763						1,947	*	39,763
English as a Second Language	15-100-034-5120-067	7/01/14-6/30/15	1,827	914					914					*	-
English as a Second Language	16-100-034-5120-067	7/01/15-6/30/16	2,588			2,588							2,588	*	-
Home Instruction	16-100-034-5120-067	7/01/15-6/30/16												*	-
Handicapped Services															
Supplemental Instruction	15-100-034-5120-066	7/01/14-6/30/15	21,972	3,218					3,218					*	-
Supplemental Instruction	16-100-034-5120-066	7/01/15-6/30/16	19,010			19,010	15,742						3,268	*	15,742
Examination and Classification	15-100-034-5120-066	7/01/14-6/30/15	21,078	2,703					2,703					*	-
Examination and Classification	16-100-034-5120-066	7/01/15-6/30/16	23,524			23,524	19,773						3,751	*	19,773
Corrective Speech	15-100-034-5120-066	7/01/14-6/30/15	2,651	1,767										*	-
Corrective Speech	16-100-034-5120-066	7/01/15-6/30/16	836			836			1,767				836	*	-
Total Special Revenue Fund				(44,303)		635,360	743,115	125,379	10,841		(50,096)		12,576	*	743,115

LODI BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year Balances	Balance June 30, 2016			Memorandum	
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
Capital Projects Fund														
NJ Economic Development Authority TJMS Roof Replacement	2740-067-14-1006-G04		178,287	\$ (13,110)	-	\$ 178,287	\$ 165,177	-	-	-	-	-	-	\$ 165,177
Total Capital Projects Fund				(13,110)	-	178,287	165,177	-	-	-	-	-	-	165,177
State Department of Agriculture Enterprise Fund:														
State School Lunch Program	15-100-010-3350-023	9/01/14-6/30/15	17,180	(1,395)	-	1,395	-	-	-	-	-	-	-	-
State School Lunch Program	16-100-010-3350-023	9/01/15-6/30/16	16,340	-	-	13,759	16,340	-	-	\$ (2,581)	-	-	\$ (2,581)	16,340
Total Enterprise Fund				(1,395)	-	15,154	16,340	-	-	(2,581)	-	-	(2,581)	16,340
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,868,447)	\$ -	\$ 20,776,908	\$ 21,014,887	\$ 125,379	\$ 10,841	\$ (2,004,464)	\$ -	\$ 12,576	\$ (74,845)	\$ 21,014,887
Less On-Behalf TPAF Pension and Annuity Aid														
TPAF Pension Contribution - NCGI	16-495-034-5094-007	7/01/15-6/30/16				77,580	77,580							77,580
TPAF Pension Contribution	16-495-034-5094-006	7/01/15-6/30/16				1,557,398	1,557,398							1,557,398
TPAF Pension Contribution - Post Retirement	16-100-034-5095-001	7/01/15-6/30/16				1,946,808	1,946,808							1,946,808
Subject to Single Audit						3,581,786	3,581,786							3,581,786
Total State Financial Assistance Subject to Major Program Determination				\$ (1,868,447)	\$ -	\$ 17,195,122	\$ 17,433,101	\$ 125,379	\$ 10,841	\$ (2,004,464)	\$ -	\$ 12,576	\$ (74,845)	\$ 17,433,101

**LODI BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Lodi Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$69,884 for the general fund and an increase of \$3,234 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 97,835	\$ 20,020,371	\$ 20,118,206
Special Revenue Fund	1,813,457	622,970	2,436,427
Capital Projects Fund		165,177	165,177
Food Service Fund	<u>897,525</u>	<u>16,340</u>	<u>913,865</u>
Total Financial Assistance	<u>\$ 2,808,817</u>	<u>\$ 20,824,858</u>	<u>\$ 23,633,675</u>

**LODI BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,475,640 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$1,634,978 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,946,808 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified: _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the basic financial statements noted? _____ yes X no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified: _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section 516(a) of U.S. Uniform Guidance _____ yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	S010A150030	Title I
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

State Awards Section

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X yes no

Internal Control over major programs:

(1) Material weakness(es) identified

 yes X no

(2) Significant deficiencies identified that are
not considered to be material weakness(es)

 yes X none reported

Type of auditor's report issued on compliance for
major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with N.J. Circular Letter 15-08?

 yes X no

Identification of major state programs:

GMIS Number(s)
495-034-5120-078
495-034-5120-089
495-034-5120-084
495-034-5120-096
495-034-5120-097
495-034-5120-098
100-034-5120-473

Name of State Program
Equalization Aid
Special Education Aid
Security Aid
Under Adequacy Aid
Per Pupil Growth Aid
PARCC Readiness
Extraordinary Aid

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**LODI BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315 (a)(b) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.