

LODI BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Lodi, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Lodi Board of Education
Lodi, New Jersey
For The Fiscal Year Ended June 30, 2018**

**Prepared by
Business Office**

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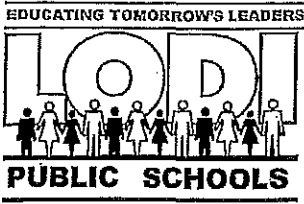
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INTRODUCTORY SECTION



OFFICE OF THE BOARD SECRETARY/BUSINESS ADMINISTRATOR

Marc A. Capizzi

Lincoln School Building, 8 Hunter Street, P.O. Box 815
Lodi, New Jersey 07644

Phone: (973) 778-4920 • Fax: (973) 778-1175

January 28, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Lodi Board of Education for the fiscal year ended June 30, 2018, 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 Title 2 U.S. CFR Part 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 Borough of Lodi 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, 2018.

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.

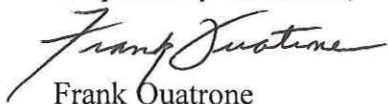
6. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the 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 Trustees. 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. 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,

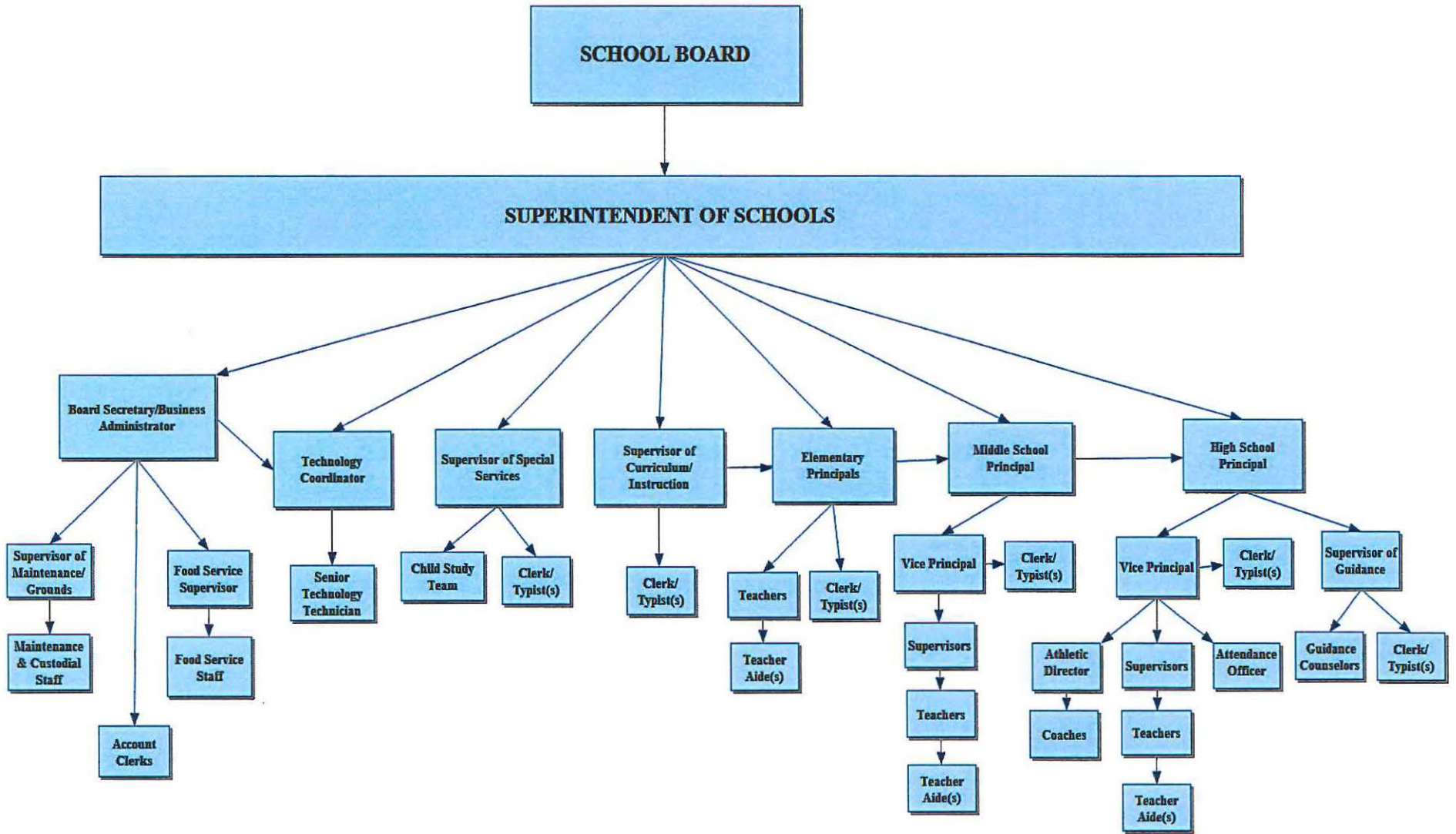


Frank Quatrone
Superintendent of Schools



Marc A. Capizzi
Board Secretary/Business Administrator

Lodi Board of Education Organizational Plan and Flow Chart



**LODI BOARD OF EDUCATION
LODI, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph P. Leto - President	2020
Michael J. Nardino - Vice President	2018
Robert Marra	2018
Donald Scorzetti	2020
Jeffrey Telep	2020
Ryan Curioni	2019
Nancy Cardone	2019
Leslie Vizcaino	2018

Other Officials

Frank Quatrone, Superintendent

Marc Capizzi, Board Secretary/School Business Administrator

LODI BOARD OF EDUCATION

Consultants & Advisors

June 30, 2018

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

Valley National Bank
Bank of America
TD Bank North
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. LEIDIG, CPA, PSA
ROBERT LERCH, 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, 2018 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 from 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, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Lodi Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

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, pension information and other postemployment benefits 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 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 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 January 28, 2019 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 the effectiveness of the Lodi Board of Education's 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
January 28, 2019

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, 2018. 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 2017-2018 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 \$30,997,241.
- Overall district revenues were \$74,474,972. General revenues accounted for \$52,251,616 or 70% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$22,223,356 or 30% of total revenues.
- The school district had \$73,811,576 in expenses for governmental activities; only \$20,873,919 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 \$12,579,050.
- The General Fund fund balance (GAAP Basis) at June 30, 2018 was \$10,579,050 a decrease of \$1,445,998 from the June 30, 2017 balance. This decrease is primarily attributable to the utilization of \$2 million from the Capital Reserve to Fund capital projects reserve.

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.

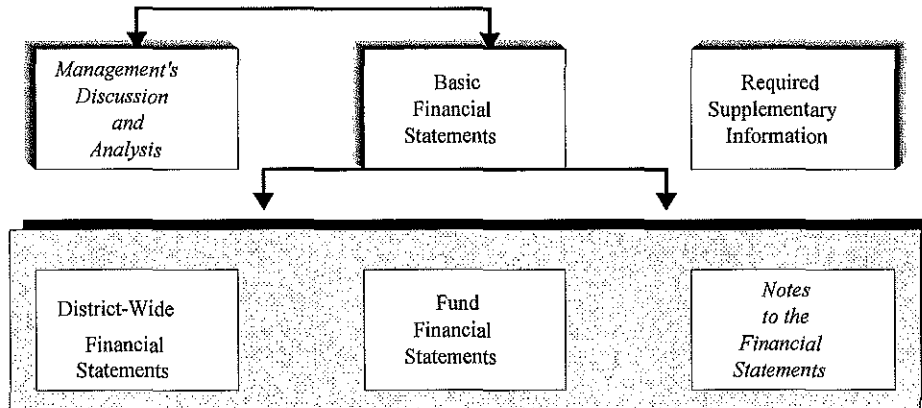
LODI BOARD OF EDUCATION

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 \$30,997,241 as of June 30, 2018.

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, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current Assets	\$ 13,982,495	\$ 13,505,296	\$ 321,138	\$ 332,558	\$ 14,303,633	\$ 13,837,854
Capital Assets	<u>32,941,744</u>	<u>34,234,451</u>	<u>277,574</u>	<u>280,291</u>	<u>33,219,318</u>	<u>34,514,742</u>
Total Assets	<u>46,924,239</u>	<u>47,739,747</u>	<u>598,712</u>	<u>612,849</u>	<u>47,522,951</u>	<u>48,352,596</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	35,264	50,866			35,264	50,866
Deferred Amounts on Net Pension Liability	<u>2,584,298</u>	<u>3,743,709</u>	<u>-</u>	<u>-</u>	<u>2,584,298</u>	<u>3,743,709</u>
Total Assets & Deferred Outflows of Resources	<u>49,543,801</u>	<u>51,534,322</u>	<u>598,712</u>	<u>612,849</u>	<u>50,142,513</u>	<u>52,147,171</u>
Liabilities						
Long-Term Liabilities	15,288,060	18,578,184			15,288,060	18,578,184
Other Liabilities	<u>1,412,983</u>	<u>1,501,187</u>	<u>10,355</u>	<u>-</u>	<u>1,423,338</u>	<u>1,501,187</u>
Total Liabilities	<u>16,701,043</u>	<u>20,079,371</u>	<u>10,355</u>	<u>-</u>	<u>16,711,398</u>	<u>20,079,371</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			2,216	2,979	2,216	2,979
Deferred Amounts on Net Pension Liability	<u>2,431,658</u>	<u>356,553</u>	<u>-</u>	<u>-</u>	<u>2,431,658</u>	<u>-</u>
Total Liabilities & Deferred Inflows of Resources	<u>19,132,701</u>	<u>20,435,924</u>	<u>12,571</u>	<u>2,979</u>	<u>19,145,272</u>	<u>20,082,350</u>
Net Position						
Net Investment in Capital Assets	31,336,608	32,197,528	277,574	280,291	31,614,182	32,477,819
Restricted	7,609,435	9,055,820			7,609,435	9,055,820
Unrestricted (Deficit)	<u>(8,534,943)</u>	<u>(10,154,950)</u>	<u>308,567</u>	<u>329,579</u>	<u>(8,226,376)</u>	<u>(9,825,371)</u>
Total Net Position	<u>\$ 30,411,100</u>	<u>\$ 31,098,398</u>	<u>\$ 586,141</u>	<u>\$ 609,870</u>	<u>\$ 30,997,241</u>	<u>\$ 31,708,268</u>

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

Change in Net Position						
For The Fiscal Years Ended June 30, 2018 and 2017						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 27,473	\$ 68,445	\$ 445,558	\$ 438,374	\$ 473,031	\$ 506,819
Operating Grants and Contributions	20,846,446	21,060,518	903,879	944,044	21,750,325	22,004,562
General Revenues						
Property Taxes	38,452,529	39,040,604			38,452,529	39,040,604
State and Federal Aid	13,272,916	12,156,831			13,272,916	12,156,831
Other	524,914	287,297	1,257	19	526,171	287,316
Donations	-	-	-	-	-	-
Total Revenues/Donations	<u>73,124,278</u>	<u>72,613,695</u>	<u>1,350,694</u>	<u>1,382,437</u>	<u>74,474,972</u>	<u>73,996,132</u>
Expenses						
Instruction						
Regular	28,962,892	29,361,270			28,962,892	29,361,270
Special Education	16,579,747	15,355,192			16,579,747	15,355,192
Other	2,236,311	2,226,049			2,236,311	2,226,049
School Sponsored Activities and Athletics	1,100,422	1,091,667			1,100,422	1,091,667
Community Services	1,288				1,288	
Support Services						
Student and Instruction Related Services	9,086,831	8,951,873			9,086,831	8,951,873
General Administration	1,268,041	1,191,958			1,268,041	1,191,958
School Administration	4,329,762	4,409,417			4,329,762	4,409,417
Plant Operations and Maintenance	6,533,146	6,329,612			6,533,146	6,329,612
Student Transportation	2,373,251	2,333,253			2,373,251	2,333,253
Business Services	1,252,422	1,146,386			1,252,422	1,146,386
Interest on Long Term Debt and Other Chgs	81,012	91,956			81,012	91,956
Loss on Disposal of Capital Assets	6,451	1,539		4,489	6,451	6,028
Food Services	-	-	1,374,423	1,388,608	1,374,423	1,388,608
Total Expenses	<u>73,811,576</u>	<u>72,490,172</u>	<u>1,374,423</u>	<u>1,393,097</u>	<u>75,185,999</u>	<u>73,883,269</u>
Net Change in Net Position	(687,298)	123,523	(23,729)	(10,660)	(711,027)	112,863
Net Position, Beginning of Year	31,098,398	30,969,519	609,870	620,530	31,708,268	31,590,049
Prior Year Adjustment - Capital Assets	-	5,356	-	-	-	5,356
Net Position, End of Year	<u>\$ 30,411,100</u>	<u>\$ 31,098,398</u>	<u>\$ 586,141</u>	<u>\$ 609,870</u>	<u>\$ 30,997,241</u>	<u>\$ 31,708,268</u>

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$73,124,278 for the fiscal year ended June 30, 2018. Property taxes of \$38,452,529 represented 53 percent of revenues. Another significant portion of revenues came from Government aid; total State, Federal, Local Aid was \$34,119,362. Another source of revenues is miscellaneous income which includes items such as interest, 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 \$73,811,576. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$48,880,660 (66%) of total expenditures. Student support services, exclusive of administration, total \$9,086,831 or (12%) of total expenditures.

Total governmental activities expenses and losses on disposal of assets surpassed revenues decreasing net position by \$687,298 from the previous year.

Net Cost of Governmental Activities. The District's total cost of services was \$73,805,125. After applying program revenues, charges for services of \$27,473; and operating grants and contributions of \$20,846,446; the net cost of services of the District is \$52,931,206.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 28,962,892	\$ 29,361,270	\$ 18,829,056	\$ 18,517,419
Special Education	16,579,747	15,355,192	11,328,739	10,118,484
Other Instruction	2,236,311	2,226,049	1,404,713	1,354,353
School Sponsored Activities and Athletics	1,100,422	1,091,667	746,405	733,223
Community Services	1,288		1,288	
Support Services				
Student and Instruction Related Services	9,086,831	8,951,873	6,944,731	6,813,836
General Administrative Services	1,268,041	1,191,958	1,106,804	1,060,654
School Administrative Services	4,329,762	4,409,417	3,237,167	3,394,257
Plant Operations and Maintenance	6,533,146	6,329,612	5,982,585	6,076,758
Pupil Transportation	2,373,251	2,333,253	2,218,470	2,180,435
Business Services	1,252,422	1,146,386	1,050,236	1,018,295
Interest on Long-Term Debt and Other Chgs	81,012	91,956	81,012	91,956
Total	<u>\$ 73,805,125</u>	<u>\$ 72,488,633</u>	<u>\$ 52,931,206</u>	<u>\$ 51,359,670</u>

Business-Type Activities – The District's total business-type activities revenues were \$1,350,694 for the fiscal year ended June 30, 2018. Charges for services accounted for 33% of total revenues. Operating grants and contributions accounted for 67% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,374,423. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities expenses surpassed revenues decreasing net position by \$23,729 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 \$12,579,050. At June 30, 2017, the fund balance was \$12,016,242.

Revenues for the District's governmental funds were \$64,553,167, while total expenses were \$63,990,359.

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, 2018	June 30, 2017		
Local Sources				
Property Tax Levy	\$ 38,088,819	\$ 38,734,581	\$ (645,762)	-1.7%
Tuition	27,473	68,445	(40,972)	-59.9%
Miscellaneous	524,203	286,719	237,484	82.8%
State Sources	22,946,953	20,846,519	2,100,434	10.1%
Federal Sources	100,425	103,994	(3,569)	-3.4%
Total General Fund Revenues	<u>\$ 61,687,873</u>	<u>\$ 60,040,258</u>	<u>\$ 1,647,615</u>	2.7%

Total General Fund Revenues increased by \$1,647,615 or 3% over the previous year.

Local property taxes decreased 2% over the previous year. General state aid revenues increased, as well as the state on-behalf TPAF pension contributions.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended		Increase (Decrease)	Percentage Change
	June 30, 2018	June 30, 2017		
Instruction	\$ 40,108,498	\$ 37,936,471	\$ 2,172,027	5.7%
Support Services	20,408,694	19,759,062	649,632	3.3%
Debt Service	33,244	33,244	-	0.0%
Capital Outlay	<u>402,281</u>	<u>426,195</u>	<u>(23,914)</u>	-5.6%
Total Expenditures	<u>\$ 60,952,717</u>	<u>\$ 58,154,972</u>	<u>\$ 2,797,745</u>	4.8%

Total General Fund expenditures increased \$2,797,745 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2017/2018 school year and the state on-behalf TPAF pension contributions.

In 2017-2018 General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$1,445,998. As a result, total fund balance decreased to \$10,579,050 at June 30, 2018. After deducting restricted, committed and assigned fund balances, the unassigned fund balance deficit at June 30, 2018 is \$856,706. The deficit is attributable to the timing differences in the recognition of state aid payments. State aid payments delayed until July 2018 totaled \$1,989,574. The District's unassigned fund balance (budgetary basis) is \$1,132,868.

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 \$2,411,988 for the fiscal year ended June 30, 2018. 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 \$181,865 towards preschool education programs.

Expenditures of the Special Revenue Fund were \$2,555,492. Instructional expenditures were \$2,461,149, support services expenditures were \$87,943, and capital outlay expenditures were \$6,400.

Capital Projects – Revenues and other financing sources exceeded expenditures and other financing uses by \$2,000,000. The District transferred \$2 million from the Capital Reserve to fund improvements to the 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, 2017 encumbrances).
- Appropriation of additional State Aid.
- Reduction of withdrawal from Capital Reserve.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2018 amounts to \$33,219,318 (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 2017-2018 amounted to \$1,694,937 for governmental activities and \$19,863 for business-type activities.

Capital Assets at June 30, 2018 and 2017
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and Site Improvements	\$ 8,812,763	\$ 8,872,109			\$ 8,812,763	\$ 8,872,109
Building and Building Improvements	23,150,615	24,635,369			23,150,615	24,635,369
Machinery and Equipment	446,558	392,311	\$ 277,574	\$ 280,291	724,132	672,602
Construction in Progress	531,808	334,662	-	-	531,808	334,662
Total Capital Assets (Net)	<u>\$ 32,941,744</u>	<u>\$ 34,234,451</u>	<u>\$ 277,574</u>	<u>\$ 280,291</u>	<u>\$ 33,219,318</u>	<u>\$ 34,514,742</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 \$2,932,958, lease purchase obligations of \$1,635,000, and net pension liability for the Public Employees' Retirement System of \$10,714,702.

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

Outstanding Long-Term Liabilities

	<u>2018</u>	<u>2017</u>
Obligations Under Lease Purchase	\$ 1,635,000	\$ 2,080,000
Net Pension Liability	10,714,702	13,651,037
Compensated Absences	<u>2,932,958</u>	<u>2,839,358</u>
Total Long-Term Liabilities	<u>\$ 15,282,660</u>	<u>\$ 18,570,395</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 2018-2019 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, 2018**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 13,433,102	\$ 237,907	\$ 13,671,009
Receivables, net			
Receivables from Other Governments	417,148	40,572	457,720
Other	132,245		132,245
Inventory		42,659	42,659
Capital Assets			
Not Being Depreciated	8,523,513		8,523,513
Being Depreciated, Net	<u>24,418,231</u>	<u>277,574</u>	<u>24,695,805</u>
Total Assets	<u>46,924,239</u>	<u>598,712</u>	<u>47,522,951</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	35,264		35,264
Deferred Amounts on Net Pension Liability	<u>2,584,298</u>	<u>-</u>	<u>2,584,298</u>
Total Deferred Outflows of Resources	<u>2,619,562</u>	<u>-</u>	<u>2,619,562</u>
Total Assets and Deferred Outflows of Resources	<u>49,543,801</u>	<u>598,712</u>	<u>50,142,513</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,338,109	10,355	1,348,464
Payable to State Government	20,637		20,637
Accrued Interest Payable	9,538		9,538
Unearned Revenue	44,699		44,699
Noncurrent Liabilities			
Due Within One Year	585,000		585,000
Due Beyond One Year	<u>14,703,060</u>	<u>-</u>	<u>14,703,060</u>
Total Liabilities	<u>16,701,043</u>	<u>10,355</u>	<u>16,711,398</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		2,216	2,216
Deferred Amounts on Net Pension Liability	<u>2,431,658</u>	<u>-</u>	<u>2,431,658</u>
Total Deferred Inflows of Resources	<u>2,431,658</u>	<u>2,216</u>	<u>2,433,874</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,132,701</u>	<u>12,571</u>	<u>19,145,272</u>
NET POSITION			
Net Investment in Capital Assets	31,336,608	277,574	31,614,182
Restricted for:			
Capital Projects	7,609,435		7,609,435
Unrestricted	<u>(8,534,943)</u>	<u>308,567</u>	<u>(8,226,376)</u>
Total Net Position	<u>\$ 30,411,100</u>	<u>\$ 586,141</u>	<u>\$ 30,997,241</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, 2018**

<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	\$ 28,962,892	\$ 21,278	\$ 10,112,558		\$ (18,829,056)		\$ (18,829,056)
Special Education	16,579,747	6,195	5,244,813		(11,328,739)		(11,328,739)
Other Instruction	2,236,311		831,598		(1,404,713)		(1,404,713)
School Sponsored Activities and Athletics	1,100,422		354,017		(746,405)		(746,405)
Community Services	1,288				(1,288)		(1,288)
Support Services							
Student and Instruction Related Services	9,086,831		2,142,100		(6,944,731)		(6,944,731)
General Administrative Services	1,268,041		161,237		(1,106,804)		(1,106,804)
School Administrative Services	4,329,762		1,092,595		(3,237,167)		(3,237,167)
Plant Operations and Maintenance	6,533,146		550,561	-	(5,982,585)		(5,982,585)
Pupil Transportation	2,373,251		154,781		(2,218,470)		(2,218,470)
Business Services	1,252,422		202,186		(1,050,236)		(1,050,236)
Interest on Long-Term Debt and Other Charges	81,012	-	-	-	(81,012)	-	(81,012)
Total Governmental Activities	<u>73,805,125</u>	<u>27,473</u>	<u>20,846,446</u>	<u>-</u>	<u>(52,931,206)</u>	<u>-</u>	<u>(52,931,206)</u>
 Business-Type Activities							
Food Service	<u>1,374,423</u>	<u>445,558</u>	<u>903,879</u>	<u>-</u>	<u>-</u>	<u>\$ (24,986)</u>	<u>(24,986)</u>
Total Business-Type Activities	<u>1,374,423</u>	<u>445,558</u>	<u>903,879</u>	<u>-</u>	<u>-</u>	<u>(24,986)</u>	<u>(24,986)</u>
Total Primary Government	<u>\$ 75,179,548</u>	<u>\$ 473,031</u>	<u>\$ 21,750,325</u>	<u>\$ -</u>	<u>(52,931,206)</u>	<u>(24,986)</u>	<u>(52,956,192)</u>

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

(Continued)

**LODI BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Balance, Carry Forward	\$ (52,931,206)	\$ (24,986)	\$ (52,956,192)
General Revenues			
Property Taxes Levied for General Purposes	38,088,819		38,088,819
Property Taxes Levied for Debt Service	363,710		363,710
State Aid - Restricted for Debt Service	88,885		88,885
State Aid - Unrestricted	13,184,031		13,184,031
Miscellaneous Income	524,914	1,257	526,171
Other			
Loss on Disposal of Capital Assets	(6,451)	-	(6,451)
 Total General Revenues	 52,243,908	 1,257	 52,245,165
 Change in Net Position	 (687,298)	 (23,729)	 (711,027)
 Net Position, Beginning of Year	 31,098,398	 609,870	 31,708,268
 Net Position, End of Year	 \$ 30,411,100	 \$ 586,141	 \$ 30,997,241

FUND FINANCIAL STATEMENTS

**LODI BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<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	\$ 11,432,391		\$ 2,000,711		\$ 13,433,102
Receivables from Other Governments	96,806	\$ 320,342			417,148
Other Receivables	124,614	581			125,195
Due From Other Funds	204,641	-	-	-	204,641
	<u>11,858,452</u>	<u>320,923</u>	<u>2,000,711</u>	<u>-</u>	<u>14,180,086</u>
Total Assets	<u>\$ 11,858,452</u>	<u>\$ 320,923</u>	<u>\$ 2,000,711</u>	<u>\$ -</u>	<u>\$ 14,180,086</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1,229,581	\$ 58,707			1,288,288
Accrued Salaries and Wages	49,821				49,821
Due To Other Funds		196,880	711		197,591
Payables to Other Governments		20,637			20,637
Unearned Revenue	-	44,699	-	-	44,699
	<u>1,279,402</u>	<u>320,923</u>	<u>711</u>	<u>-</u>	<u>1,601,036</u>
Total Liabilities	<u>1,279,402</u>	<u>320,923</u>	<u>711</u>	<u>-</u>	<u>1,601,036</u>
Fund Balances					
Restricted					
Capital Reserve	1,147,392				1,147,392
Capital Reserve Designated for Subsequent Year's (2018/19) Budget	4,462,043				4,462,043
Emergency Reserve	406,768				406,768
Excess Surplus	1,382,571				1,382,571
Excess Surplus - Designated for Subsequent Year's (2018/19) Budget	2,548,350				2,548,350
Capital Projects			2,000,000		2,000,000
Committed					
Encumbrances	932,195				932,195
Assigned					
Encumbrances	556,437				556,437
Unassigned	(856,706)	-	-	-	(856,706)
	<u>10,579,050</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>12,579,050</u>
Total Fund Balances	<u>10,579,050</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>12,579,050</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,858,452</u>	<u>\$ 320,923</u>	<u>\$ 2,000,711</u>	<u>\$ -</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 \$68,564,059 and the accumulated depreciation is \$35,622,315. 32,941,744

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (9,538)

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 35,264

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)	1,640,400	
Compensated Absences Payable	2,932,958	
Net Pension Liability	10,714,702	
Deferred Amounts on Net Pension Liability		
Deferred Outflows	(2,584,298)	
Deferred Inflows	2,431,658	
	<u>(15,135,420)</u>	
		<u>\$ 30,411,100</u>

**LODI BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 38,088,819			\$ 363,710	\$ 38,452,529
Tuition	27,473				27,473
Interest on Capital Reserve Funds	44,059				44,059
Interest on Emergency Reserve	2,785				2,785
Interest	37,334		\$ 711		38,045
Miscellaneous	440,025	\$ 8,981	-	-	449,006
Total - Local Sources	38,640,495	8,981	711	363,710	39,013,897
State Sources	22,946,953	613,473	-	88,885	23,649,311
Federal Sources	100,425	1,789,534	-	-	1,889,959
Total Revenues	61,687,873	2,411,988	711	452,595	64,553,167
EXPENDITURES					
Current					
Instruction					
Regular Instruction	22,532,661	1,625,484			24,158,145
Special Education Instruction	14,901,708	811,184			15,712,892
Other Instruction	1,765,673	24,481			1,790,154
School Sponsored Activities and Athletics	907,168				907,168
Community Services	1,288				1,288
Support Services					
Student and Instruction Related Services	7,716,305	69,980			7,786,285
General Administrative Services	1,172,428				1,172,428
School Administrative Services	3,616,136				3,616,136
Plant Operations and Maintenance	4,458,029	17,963			4,475,992
Pupil Transportation	2,373,251				2,373,251
Business Services	1,072,545				1,072,545
Debt Service					
Principal				445,000	445,000
Interest and Other Charges	33,244			37,150	70,394
Capital Outlay	402,281	6,400	-	-	408,681
Total Expenditures	60,952,717	2,555,492	-	482,150	63,990,359
Excess (Deficiency) of Revenues Over (Under) Expenditures	735,156	(143,504)	711	(29,555)	562,808
OTHER FINANCING SOURCES (USES)					
Transfers In	711	181,865	2,000,000		2,182,576
Transfers Out	(2,181,865)	-	(711)	-	(2,182,576)
Total Other Financing Sources (Uses)	(2,181,154)	181,865	1,999,289	-	-
Net Change in Fund Balances	(1,445,998)	38,361	2,000,000	(29,555)	562,808
Fund Balance (Deficit), Beginning of Year	12,025,048	(38,361)	-	29,555	12,016,242
Fund Balance, End of Year	\$ 10,579,050	\$ -	\$ 2,000,000	\$ -	\$ 12,579,050

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, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 562,808

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	\$ 408,681	
Depreciation Expense	<u>(1,694,937)</u>	(1,286,256)

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.

Loss on Disposal of Capital Assets		(6,451)
------------------------------------	--	---------

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		(93,600)
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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		445,000
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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

Amortization of Premium	2,389	
Amortization of Deferred Amount on Refunding of Debt	<u>(15,602)</u>	(13,213)

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		(298,181)
--	--	-----------

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>2,595</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (687,298)**

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, 2018**

ASSETS

Current Assets	
Cash	\$ 237,907
Intergovernmental Accounts Receivable	
State	830
Federal	39,742
Inventory	<u>42,659</u>
Total Current Assets	<u>321,138</u>
Capital Assets:	
Machinery and Equipment	676,756
Less: Accumulated Depreciation	<u>(399,182)</u>
Total Capital Assets	<u>277,574</u>
Total Assets	<u>598,712</u>

LIABILITIES

Current Liabilities	
Accounts Payable	<u>10,355</u>
Total Current Liabilities	<u>10,355</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Commodities Revenue	<u>2,216</u>
Total Deferred Inflows of Resources	<u>2,216</u>
Total Liabilities and Deferred Inflows of Resources	<u>12,571</u>

NET POSITION

Investment in Capital Assets	277,574
Unrestricted	<u>308,567</u>
Total Net Position	<u>\$ 586,141</u>

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, 2018**

OPERATING REVENUES

Charges for Services	
Daily Sales	
Reimbursable Programs	\$ 242,285
Non-Reimbursable Programs	199,503
Other Sales	<u>3,770</u>
 Total Operating Revenues	 <u>445,558</u>

OPERATING EXPENSES

Cost of Sales	
Reimbursable Programs	537,566
Non-Reimbursable Programs	87,002
Salaries and Wages	392,269
Employee Benefits	88,417
Management Fee	57,293
Other Expenses	138,883
Supplies and Materials	53,130
Depreciation	<u>19,863</u>
 Total Operating Expenses	 <u>1,374,423</u>

Operating Income (Loss)	<u>(928,865)</u>
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NONOPERATING REVENUES (EXPENSES)

Local Sources	
Interest Earned	1,257
State Sources	
State School Lunch Program	16,323
Federal Sources	
National School Lunch Program	732,819
Food Distribution Program (USDA Commodities)	106,361
School Breakfast Program	47,020
Special Milk Program	<u>1,356</u>
 Total Nonoperating Revenues (Expenses)	 <u>905,136</u>

Change in Net Position	(23,729)
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Net Position, Beginning of Year	<u>609,870</u>
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Net Position, End of Year	<u>\$ 586,141</u>
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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, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 445,558
Payments for Employees Salaries and Benefits	(480,686)
Payments to Suppliers	<u>(763,143)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(798,271)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State and Federal Reimbursements	<u>793,259</u>
Net Cash Provided By Non-Capital Financing Activities	<u>793,259</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	<u>1,257</u>
Net Cash Provided By Investing Activities	<u>1,257</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of Capital Assets	<u>(17,146)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(17,146)</u>

Net Change in Cash and Cash Equivalents	(20,901)
Cash and Cash Equivalents, Beginning of Year	<u>258,808</u>
Cash and Cash Equivalents, End of Year	<u>\$ 237,907</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:

Operating Income (Loss)	<u>\$ (928,865)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Noncash Federal Assistance - Food Distribution Program	106,361
Depreciation Expense	19,863
(Increase) Decrease in Accounts Receivable	700
(Increase) Decrease in Inventories	(5,922)
Increase (Decrease) in Accounts Payable	10,355
Increase (Decrease) in Deferred Commodities Revenue	<u>(763)</u>
Total Adjustments	<u>130,594</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (798,271)</u>
Non-Cash Financing Activities	
Fair Value of Food Distribution Program - National School Lunch	\$ 105,598

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, 2018**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ <u>189,387</u>
Total Assets	\$ <u>189,387</u>
LIABILITIES	
Due to Student Groups	\$ 82,073
Payroll Deductions and Other Liabilities	100,264
Due to Other Funds	<u>7,050</u>
Total Liabilities	\$ <u>189,387</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 of schools 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 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 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.

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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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, 2018**

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, 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 inventory 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, 2018**

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 acquisition 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 periods 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 amount 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, 2018**

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 periods 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 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 inventory 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.

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 include the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)*

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.

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 2D).

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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. (See Note 2E).

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

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

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board of Education itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies (Continued)*

Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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 2016-2017 and 2017-2018 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, 2018**

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 do not have to submit 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 2017/2018. Also, during 2017/2018 the Board decreased the original appropriations by \$4,002,882. The Board decreased the withdrawal from capital reserve in the original budget by \$5,187,542. In addition, the original budget was increased by additional state aid appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Unallocated Employee Benefits			
Health Benefits	\$5,865,491	\$5,963,711	\$98,220

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$856,706 in the General Fund as of June 30, 2018 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 2017/2018 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 Fund deficit 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 is less than the delayed state aid payments at June 30, 2018.

D. 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, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$	9,026,265
Increased by			
Interest Earnings	\$	44,059	
Unexpended Project Balances Restored to Capital Reserve		5,187,542	
Interest Returned from Capital Projects Fund		711	
Total Increases			<u>5,232,312</u>
			14,258,577
Decreased by			
Budgeted Withdrawal from Capital Reserve			<u>8,649,142</u>
Balance, June 30, 2018		\$	<u>5,609,435</u>
Designated for Subsequent Year's (2018/19) Budget		\$	4,462,043
Available for Future Capital Projects			<u>1,147,392</u>
		\$	<u>5,609,435</u>

E. 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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Emergency Reserve (Continued)

The activity of the emergency reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$	403,983
Increased by			
Interest Earnings	\$	2,785	
Unexpended Balances Restored to Reserve		<u>92,184</u>	
			<u>94,969</u>
			498,952
Decreased by			
Budgeted Withdrawal			<u>92,184</u>
Balance, June 30, 2018		\$	<u>406,768</u>

F. 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, 2018 is \$3,930,921. Of this amount, \$2,548,350 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$1,382,571 will be appropriated in the 2019/2020 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), National Credit Union Share Insurance Fund (NCUSIF), 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 and NCUSIF.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$13,860,396 and bank and brokerage firm balances of the Board's deposits amounted to \$16,113,874. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	<u>\$ 16,113,874</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, 2018 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

Interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2018 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		\$ 317,868	\$ 39,742	\$ 357,610
State	\$ 92,592	2,474	830	95,896
Local	4,214			4,214
Other	<u>124,614</u>	<u>581</u>	<u>-</u>	<u>125,195</u>
Gross Receivables	221,420	320,923	40,572	582,915
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 221,420</u>	<u>\$ 320,923</u>	<u>\$ 40,572</u>	<u>\$ 582,915</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	\$ 41,594
Grant Draw Downs Reserved for Encumbrances	<u>3,105</u>
	<u>\$ 44,699</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance <u>June 30, 2018</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 7,991,705				\$ 7,991,705
Construction in Progress	334,662	\$ 221,549	-	\$ (24,403)	531,808
Total Capital Assets, Not Being Depreciated	<u>8,326,367</u>	<u>221,549</u>	<u>-</u>	<u>(24,403)</u>	<u>8,523,513</u>
Capital Assets, Being Depreciated:					
Site Improvements	1,602,639			22,103	1,624,742
Building Improvements	56,852,536	36,144		2,300	56,890,980
Machinery and Equipment	1,422,746	150,988	\$ (48,910)	-	1,524,824
Total Capital Assets Being Depreciated	<u>59,877,921</u>	<u>187,132</u>	<u>(48,910)</u>	<u>24,403</u>	<u>60,040,546</u>
Less Accumulated Depreciation for:					
Site Improvements	(722,235)	(81,449)			(803,684)
Building Improvements	(32,217,167)	(1,523,198)			(33,740,365)
Machinery and Equipment	(1,030,435)	(90,290)	42,459	-	(1,078,266)
Total Accumulated Depreciation	<u>(33,969,837)</u>	<u>(1,694,937)</u>	<u>42,459</u>	<u>-</u>	<u>(35,622,315)</u>
Total Capital Assets, Being Depreciated, net	<u>25,908,084</u>	<u>(1,507,805)</u>	<u>(6,451)</u>	<u>24,403</u>	<u>24,418,231</u>
Governmental Activities Capital Assets, net	<u>\$ 34,234,451</u>	<u>\$ (1,286,256)</u>	<u>\$ (6,451)</u>	<u>\$ -</u>	<u>\$ 32,941,744</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 678,505	\$ 17,146	\$ (18,895)	\$ 676,756
Total Capital Assets Being Depreciated	<u>678,505</u>	<u>17,146</u>	<u>(18,895)</u>	<u>676,756</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(398,214)	(19,863)	18,895	(399,182)
Total Accumulated Depreciation	<u>(398,214)</u>	<u>(19,863)</u>	<u>18,895</u>	<u>(399,182)</u>
Total Capital Assets, Being Depreciated, net	<u>280,291</u>	<u>(2,717)</u>	<u>-</u>	<u>277,574</u>
Business-Type Activities Capital Assets, net	<u>\$ 280,291</u>	<u>\$ (2,717)</u>	<u>\$ -</u>	<u>\$ 277,574</u>

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

Governmental Activities:

Instruction		
Regular		\$ 1,083
Special Education		90
School-Sponsored Activities and Athletics		361
Total Instruction		<u>1,534</u>
Support Services		
Student and Instruction Related Services		181
General Administration		542
School Administration		181
Operations and Maintenance of Plant		1,692,409
Business Services		90
Total Support Services		<u>1,693,403</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,694,937</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 19,863</u>

LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Entrance Vestible and Exterior Canopy - High School	\$ 390,826
Retaining Wall Project - Columbus School	325,859
Roof Replacement - Washington School	215,510
	<u>\$ 932,195</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 196,880
General Fund	Capital Projects Fund	711
General Fund	Payroll Agency Fund	7,050
		<u>\$ 204,641</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 expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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		\$ 181,865	\$ 2,000,000	\$ 2,181,865
Capital Projects Fund	\$ 711	-	-	711
	<u>\$ 711</u>	<u>\$ 181,865</u>	<u>\$ 2,000,000</u>	<u>\$ 2,182,576</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.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers and mailing systems under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2018 were \$21,445. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 12,413
2020	1,633
2021	1,633
2022	1,633
2023	<u>1,361</u>
	<u>\$ 18,673</u>

Lease Purchase Agreements

The District 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. The "COPS" were refunded in 2015/16 and \$2,795,000 of refunding "COPS" were issued.

The maturity schedule of the remaining 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>	
2019	\$ 465,000	\$ 28,050	\$ 493,050
2020	465,000	18,750	483,750
2021	480,000	9,300	489,300
2022	<u>225,000</u>	<u>2,250</u>	<u>227,250</u>
	<u>\$ 1,635,000</u>	<u>\$ 58,350</u>	<u>\$ 1,693,350</u>

G. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 86,179,179
Less: Net Debt Issued	<u>-</u>
Remaining Borrowing Power	<u>\$ 86,179,179</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance			Balance	Due
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>Within</u> <u>One Year</u>
Governmental Activities:					
Obligations Under Lease					
Purchase Agreements	\$ 2,080,000		\$ 445,000	\$ 1,635,000	\$ 465,000
Add: Unamortized Premium	<u>7,789</u>	<u>-</u>	<u>2,389</u>	<u>5,400</u>	<u>-</u>
	2,087,789		447,389	1,640,400	465,000
Net Pension Liability	13,651,037		2,936,335	10,714,702	
Compensated Absence Payable	<u>2,839,358</u>	<u>\$ 203,725</u>	<u>110,125</u>	<u>2,932,958</u>	<u>120,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 18,578,184</u>	<u>\$ 203,725</u>	<u>\$ 3,493,849</u>	<u>\$ 15,288,060</u>	<u>\$ 585,000</u>

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

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 Insurance Group (“NJSIG”). The NJSIG 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 funds 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.

NJSIG 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 respective insurance funds are 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

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, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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 (“Division”), 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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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.us/treasury/doinvest.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 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, 2016 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 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 426,405	\$ 3,011,885	\$ 6,858
2017	409,472	2,306,480	5,525
2016	405,722	1,634,978	4,674

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$8,060 and \$3,228, respectively for PERS and the State contributed \$3,416 and \$3,611, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$1,530,576 during the fiscal year ended June 30, 2018 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. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$10,714,702 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportionate share was .04603 percent, which was a decrease of .00006 percent from its proportionate share measured as of June 30, 2016 of .04609 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$724,586 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 252,294	
Changes of Assumptions	2,158,643	\$ 2,150,729
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	72,960	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>100,401</u>	<u>280,929</u>
Total	<u>\$ 2,584,298</u>	<u>\$ 2,431,658</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 202,979
2020	338,568
2021	171,667
2022	(335,597)
2023	(224,977)
Thereafter	<u>-</u>
	<u>\$ 152,640</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$9,577,701 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$138,256,371. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .20506 percent, which was an increase of .00085 percent from its proportionate share measured as of June 30, 2016 of .20421 percent.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 as follows:

Fiscal Year	Measurement Date	Discount Rate
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 4.25%, 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 (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 164,252,906</u>	<u>\$ 138,256,371</u>	<u>\$ 116,840,313</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 report 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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,945,312, \$1,921,823 and \$1,946,808, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. 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. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$5,899,335. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$100,300,019. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .18699 percent, which was a decrease of .00056 percent from its proportionate share measured as of June 30, 2016 of .18755 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 108,463,226
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 4,101,043
Interest on the Total OPEB Liability	3,187,295
Changes of Assumptions	(13,251,084)
Gross Benefit Payments	(2,284,585)
Contributions from the Member	84,124
Net Changes	<u>\$ (8,163,207)</u>
Balance, June 30, 2017 Measurement Date	<u>\$ 100,300,019</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 119,063,359</u>	<u>\$ 100,300,019</u>	<u>\$ 85,416,760</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>82,487,070</u>	\$ <u>100,300,019</u>	\$ <u>123,955,406</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Subsequent Events

The Board entered into a shared service agreement with the Borough of Lodi for the installation of a synthetic turf field at Lodi High School. The Borough issued a Bond Anticipation Note to temporarily finance the cost of the project. The Board is required to pay its share to the Borough over the time period set forth in the Note. The Board's share includes principal and interest.

The Board reimbursed the Borough \$1,240,000 of principal through June 30, 2018 for this project. The Board has subsequently paid the Borough \$494,140 which represents the balance of the Bond Anticipation Note.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 38,734,581	\$ (645,762)	\$ 38,088,819	\$ 38,088,819	
Tuition - Other Governments				27,473	\$ 27,473
Interest Earned on Capital Reserve	75		75	44,059	43,984
Interest on Emergency Reserve	640		640	2,785	2,145
Interest				37,334	37,334
Unrestricted Miscellaneous Revenues	101,065	-	101,065	440,025	338,960
Total Revenues - Local Sources	38,836,361	(645,762)	38,190,599	38,640,495	449,896
State Sources					
Equalization Aid	11,794,666	1,291,524	13,086,190	13,086,190	
Transportation Aid	154,483		154,483	154,483	
Special Education Aid	2,123,388		2,123,388	2,123,388	
Security Aid	255,334		255,334	255,334	
Under Adequacy Aid	76,849		76,849	76,849	
Paroc Readiness Aid	35,130		35,130	35,130	
Per Pupil Growth Aid	35,130		35,130	35,130	
Professional Learning Community Aid	33,730		33,730	33,730	
Extraordinary Aid	716,669		716,669	691,590	(25,079)
Lead Testing for Schools Aid				6,791	6,791
On-Behalf TPAF (Non-Budgeted)					
NCGI Premium				71,359	71,359
Pension				2,940,526	2,940,526
Post Retirement Medical				1,945,312	1,945,312
Long Term Disability				3,416	3,416
Social Security Contributions	-	-	-	1,530,576	1,530,576
Total State Sources	15,225,379	1,291,524	16,516,903	22,989,804	6,472,901
Federal Sources					
Medicaid - MAC				14,322	14,322
Medicaid Reimbursement - SEMI	76,489	-	76,489	86,103	9,614
Total Federal Sources	76,489	-	76,489	100,425	23,936
Total Revenues	54,138,229	645,762	54,783,991	61,730,724	6,946,733
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Kindergarten	750,092	32,364	782,456	771,773	10,683
Grades 1 - 5	4,660,157	(264,051)	4,396,106	4,386,561	9,545
Grades 6 - 8	3,012,105	(96,900)	2,915,205	2,913,538	1,667
Grades 9 - 12	4,017,835	(181,199)	3,836,636	3,834,946	1,690
Regular Programs - Home Instruction:					
Salaries of Teachers	44,485	(21,000)	23,485	20,254	3,231
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	46,102	24,447	70,549	69,696	853
Purchased Professional-Educational Services	60,200	64,950	125,150	124,748	402
Purchased Technical Services	20,500	(2,808)	17,692	17,684	8
Other Purchased Services	185,978	20,473	206,451	197,171	9,280
General Supplies	442,083	309,702	751,785	533,878	217,907
Textbooks	80,649	286,226	366,875	121,743	245,132
Other Objects	400	-	400	400	-
Total Instruction Regular Programs	13,320,586	172,204	13,492,790	12,992,392	500,398
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	541,603	(43,060)	498,543	480,310	18,233
Other Salaries for Instruction	158,419	2,815	161,234	155,694	5,540
Purchased Professional-Educational Services		-			-
General Supplies	24,500	(2,002)	22,498	11,050	11,448
Textbooks	2,200	-	2,200	100	2,100
Total Learning/Language Disabilities	726,722	(42,247)	684,475	647,154	37,321

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,531,192	\$ (35,753)	\$ 1,495,439	\$ 1,489,514	\$ 5,925
Other Salaries for Instruction	192,225	3,790	196,015	190,447	5,568
Purchased Professional-Educational Services		-			-
Other Purchased Services	1,536	-	1,536	1,535	1
General Supplies	9,000	3,095	12,095	9,439	2,656
Textbooks	4,600	(2,500)	2,100	-	2,100
Total Resource Room/Resource Center	1,738,553	(31,368)	1,707,185	1,690,935	16,250
Home Instruction					
Purchased Professional - Educations Services	32,580	25,500	58,080	31,703	26,377
Total Home Instruction	32,580	25,500	58,080	31,703	26,377
Total Special Education	2,497,855	(48,115)	2,449,740	2,369,792	79,948
Basic Skills/Remedial					
Salaries of Teachers	654,556	58,490	713,046	670,772	42,274
Total Basic Skills/Remedial	654,556	58,490	713,046	670,772	42,274
Bilingual Education					
Salaries of Teachers	562,247	(47,011)	515,236	440,534	74,702
Other Purchased Services	200	-	200	-	200
Textbooks	300	-	300	-	300
Total Bilingual Education	562,747	(47,011)	515,736	440,534	75,202
School Sponsored Co-Curricular Activities					
Salaries of Teachers	148,024	2,712	150,736	150,734	2
Purchased Services	500	-	500	252	248
Supplies and Materials	7,675	-	7,675	5,810	1,865
Other Objects	2,090	225	2,315	1,876	439
Total Co-Curricular Activities	158,289	2,937	161,226	158,672	2,554
School Sponsored Athletics					
Salaries	324,280	31,356	355,636	339,134	16,502
Purchased Services	8,300	1,782	10,082	2,688	7,394
Supplies and Materials	77,800	48,218	126,018	70,750	55,268
Other Objects	8,225	(1,000)	7,225	6,476	749
Transfers to Cover Deficit (Agency Funds)	40,000	1,000	41,000	41,000	-
Total Athletics	458,605	81,356	539,961	460,048	79,913
Community Service Programs					
Supplies and Materials	7,500	-	7,500	1,288	6,212
Total Community Service Programs	7,500	-	7,500	1,288	6,212
Total Instruction	17,660,138	219,861	17,879,999	17,093,498	786,501
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Regular	64,146	(3,000)	61,146	60,285	861
Tuition to Other LEA's Within State - Special	6,182,622	960,000	7,142,622	7,136,113	6,509
Tuition to County Vocational - Regular	449,838	(10,400)	439,438	439,217	221
Tuition to County Vocational - Special	495,540	(13,100)	482,440	482,040	400
Tuition to County Sp Service and Regular Day School	2,531,423	(26,700)	2,504,723	2,504,644	79
Tuition to Private School for the Disabled W/I State	807,880	51,700	859,580	841,698	17,882
Tuition to Private School for the Disabled & Other LEAs-Spl, O/S St	76,267	-	76,267	74,824	1,443
Tuition to State Facilities	70,930	-	70,930	70,930	-
Tuition - Other	157,905	(39,000)	118,905	118,857	48
Total Tuition	10,836,551	919,500	11,756,051	11,728,608	27,443

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 506,965	\$ 6,577	\$ 513,542	\$ 508,522	\$ 5,020
Purchased Professional and Technical Services	116,966	93,665	210,631	169,497	41,134
Supplies and Materials	19,187	(750)	18,437	16,820	1,617
Total Health Services	643,118	99,492	742,610	694,839	47,771
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	309,535	(39,318)	270,217	263,689	6,528
Purchased Professional Educational Services	440,000	(17,845)	422,155	382,672	39,483
Supplies and Materials	2,000	(1,000)	1,000	892	108
Total Speech, OT, PT and Related Services	751,535	(58,163)	693,372	647,253	46,119
Other Supp. Svcs.-Extraord. Serv.					
Salaries	120,329	(3,887)	116,442	115,286	1,156
Purchased Professional - Educational Services	725,000	(13,200)	711,800	711,798	2
Total Other Support/Extraordinary Services	845,329	(17,087)	828,242	827,084	1,158
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	846,854	(10,873)	835,981	830,916	5,065
Salaries of Secretarial and Clerical Assistants	52,625	-	52,625	52,625	-
Purchased Professional and Educational Services	-	17,205	17,205	16,168	1,037
Other Purchased Professional and Technical Services	73,500	(18,455)	55,045	46,723	8,322
Supplies and Materials	91,805	(27,000)	64,805	58,175	6,630
Total Other Support Services-Guidance	1,064,784	(39,123)	1,025,661	1,004,607	21,054
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	787,020	-	787,020	787,020	-
Salaries of Secretarial and Clerical Assistants	128,230	16,296	144,526	144,477	49
Other Salaries	12,500	(2,100)	10,400	9,860	540
Purchased Professional - Educational Services	95,000	2,500	97,500	96,489	1,011
Other Purchased Professional and Technical Services	38,816	(1,700)	37,116	35,282	1,834
Other Purchased Services	2,430	1,214	3,644	3,644	-
Supplies and Materials	7,200	2,378	9,578	8,633	945
Total Other Support Services-Child Study Teams	1,071,196	18,588	1,089,784	1,085,405	4,379
Improvement of Instruction					
Salaries of Supervisor of Instruction	568,193	(8,700)	559,493	553,237	6,256
Other Salaries	-	-	-	-	-
Purchased Professional Educational Services	133,209	82,400	215,609	213,464	2,145
Supplies and Materials	25,000	(3,858)	21,142	12,252	8,890
Total Improvement of Instruction	726,402	69,842	796,244	778,953	17,291
Educational Media Services/ School Library					
Salaries	556,513	(101,667)	454,846	454,073	773
Other Purchased Services	20,721	(2,377)	18,344	17,048	1,296
Supplies and Materials	115,710	(5,927)	109,783	107,432	2,351
Total Educational Media Services/ School Library	692,944	(109,971)	582,973	578,553	4,420
Instructional Staff Training Services					
Other Purchased Services	90,000	(24,188)	65,812	61,421	4,391
Supplies and Materials	44,533	(19,012)	25,521	10,464	15,057
Total Instructional Staff Training Services	134,533	(43,200)	91,333	71,885	19,448

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 417,867		\$ 417,867	\$ 391,470	\$ 26,397
Salaries of Attorneys	65,682	\$ (38,101)	27,581	27,494	87
Legal Services	25,000	130,601	155,601	129,136	26,465
Audit Fees	39,847	(600)	39,247	36,557	2,690
Architectural/Engineering Services	5,000	600	5,600	5,600	-
Other Purchased Professional Services	2,500	-	2,500	2,495	5
Communications/Telephone	166,425	(8,749)	157,676	130,490	27,186
BOE Other Purchased Services	2,855	-	2,855	-	2,855
Miscellaneous Purchased Services	224,666	(27,649)	197,017	190,029	6,988
General Supplies	12,500	-	12,500	11,923	577
Miscellaneous Expenditures	4,415	-	4,415	4,004	411
BOE Membership Dues and Fees	20,497	149	20,646	20,645	1
Total Support Services General Administration	987,254	56,251	1,043,505	949,843	93,662
Support Services School Administration					
Salaries of Principals/Assistant Principals/Prog Dir	1,331,166	(39,000)	1,292,166	1,281,053	11,113
Salaries of Other Professional Staff	394,071	-	394,071	394,071	-
Salaries of Secretarial and Clerical Assistants	689,618	(25,000)	664,618	649,670	14,948
Other Purchased Services	11,296	(3,000)	8,296	5,214	3,082
Supplies and Materials	66,210	-	66,210	59,865	6,345
Other Objects	6,360	6,000	12,360	10,976	1,384
Total Support Services School Administration	2,498,721	(61,000)	2,437,721	2,400,849	36,872
Central Services					
Salaries	442,748	(19,384)	423,364	423,080	284
Purchased Professional Services	39,702	1,384	41,086	40,500	586
Miscellaneous Purchased Services	8,394	746	9,140	6,271	2,869
Supplies and Materials	15,000	454	15,454	15,267	187
Miscellaneous Expenditures	3,300	(1,200)	2,100	1,564	536
Total Undistributed Expenditures - Central Services	509,144	(18,000)	491,144	486,682	4,462
Admin. Info. Tech.					
Salaries	213,858	52,967	266,825	266,560	265
Other Purchased Services	3,800	-	3,800	3,800	-
Supplies and Materials	2,000	-	2,000	2,000	-
Total Undistributed Expenditures - Admin. Info. Technology	219,658	52,967	272,625	272,360	265
Required Maintenance for School Facilities					
Salaries	240,218	42,137	282,355	282,283	72
Cleaning, Repair and Maintenance Services	600,250	191,704	791,954	707,257	84,697
General Supplies	52,000	5,675	57,675	54,266	3,409
Total Required Maint for School Facilities	892,468	239,516	1,131,984	1,043,806	88,178
Custodial Services					
Salaries	1,433,771	(65,487)	1,368,284	1,339,039	29,245
Purchased Professional and Technical Services	23,342	10,700	34,042	32,222	1,820
Cleaning, Repair and Maintenance Services	48,046	14,650	62,696	51,936	10,760
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	261,400	(68,000)	193,400	193,035	365
Other Purchased Property Services	25,000	-	25,000	24,632	368
Insurance	258,578	(20,750)	237,828	237,809	19
Miscellaneous Purchased Services	6,300	-	6,300	6,130	170
General Supplies	101,000	(5,590)	95,410	85,803	9,607
Energy (Natural Gas)	191,912	-	191,912	144,260	47,652
Energy (Electricity)	497,734	(125,700)	372,034	350,208	21,826
Energy (Gasoline)	3,000	-	3,000	3,000	-
Other Objects	3,180	-	3,180	2,778	402
Total Custodial Services	2,853,263	(260,177)	2,593,086	2,470,852	122,234
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	56,350	14,500	70,850	70,255	595
General Supplies	14,500	-	14,500	13,879	621
Total Care and Upkeep of Grounds	70,850	14,500	85,350	84,134	1,216

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures - Security					
Salaries	\$ 51,800	\$ 1,200	\$ 53,000	\$ 53,000	
Purchased Professional and Technical Services	100,000	-	100,000	100,000	
Cleaning, Repair, and Maintenance Services		1,700	1,700	1,700	
General Supplies	-	3,600	3,600	3,600	-
Total Security	<u>151,800</u>	<u>6,500</u>	<u>158,300</u>	<u>158,300</u>	<u>-</u>
Student Transportation Services					
Contr Serv(Bet Home &Sch)-Vendors	19,544	1,500	21,044	20,986	\$ 58
Contr Serv(Oth. Than Bet Home &Sch)-Vendors	79,083	21,397	100,480	92,011	8,469
Contr Serv(Bet Home &Sch)-Joint Agreements	280,016	141,900	421,916	421,015	901
Contr Serv(Special Education)-Vendors	250	-	250	250	250
Contr Serv(Special Education)-Joint Agreements	1,980,346	(151,297)	1,829,049	1,825,239	3,810
Contr Serv - Aid in Lieu Pymts-Charter Sch	9,724	4,500	14,224	14,000	224
Total Student Transportation Services	<u>2,368,963</u>	<u>18,000</u>	<u>2,386,963</u>	<u>2,373,251</u>	<u>13,712</u>
Unallocated Employee Benefits					
Group Insurance		145	145	144	1
Social Security Contributions	392,960	-	392,960	381,833	11,127
Other Retirement Contributions - PERS	471,102	(29,000)	442,102	441,323	779
Unemployment Compensation	88,017	4,000	92,017	90,779	1,238
Workmen's Compensation	187,585	(3,360)	184,225	183,907	318
Health Benefits	6,342,276	(476,785)	5,865,491	5,963,711	(98,220)
Tuition Reimbursements	4,000	980	4,980	4,960	20
Other Employee Benefits	149,441	(980)	148,461	139,451	9,010
Unused Sick Payment to Terminated/Retired Staff	105,000	5,500	110,500	110,125	375
Total Unallocated Employee Benefits	<u>7,740,381</u>	<u>(499,500)</u>	<u>7,240,881</u>	<u>7,316,233</u>	<u>(75,352)</u>
On-Behalf TPAF (Non-Budgeted)					
NCGI Premium				71,359	(71,359)
Pension				2,940,526	(2,940,526)
Post Retirement Medical				1,945,312	(1,945,312)
Long Term Disability				3,416	(3,416)
Social Security Contributions	-	-	-	1,530,576	(1,530,576)
Total TPAF Pension and Social Security Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,491,189</u>	<u>(6,491,189)</u>
Total Undistributed Expenditures	<u>35,058,894</u>	<u>388,935</u>	<u>35,447,829</u>	<u>41,464,686</u>	<u>(6,016,857)</u>
Interest Earned on Current Expense Emergency Reserve	640	-	640	-	640
Total Current Expenditures	<u>52,719,672</u>	<u>608,796</u>	<u>53,328,468</u>	<u>58,558,184</u>	<u>(5,229,716)</u>
CAPITAL OUTLAY					
Equipment					
Grades 6 - 8		9,080	9,080	2,200	6,880
Grades 9 - 12		65,195	65,195	34,776	30,419
Undistributed Expenditures					
Required Maint. For School Facilities	-	2,465	2,465	2,465	-
Total Equipment	<u>-</u>	<u>76,740</u>	<u>76,740</u>	<u>39,441</u>	<u>37,299</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services	116,194	-	116,194	76,385	39,809
Construction Services	1,345,406	-	1,345,406	286,455	1,058,951
Assessment for Debt Service on SDA Funding	33,244	-	33,244	33,244	-
Total Facilities Acq. And Construction Services	<u>1,494,844</u>	<u>-</u>	<u>1,494,844</u>	<u>396,084</u>	<u>1,098,760</u>
Interest Deposit to Capital Reserve	75	-	75	-	75
Total Expenditures - Capital Outlay	<u>1,494,919</u>	<u>76,740</u>	<u>1,571,659</u>	<u>435,525</u>	<u>1,136,134</u>
Transfer of Funds to Charter Schools	1,976,682	(17,000)	1,959,682	1,959,008	674
Total Expenditures - General Fund	<u>56,191,273</u>	<u>668,536</u>	<u>56,859,809</u>	<u>60,952,717</u>	<u>(4,092,908)</u>

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY (Continued)					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (2,053,044)	\$ (22,774)	\$ (2,075,818)	\$ 778,007	\$ 2,853,825
Other Financing Sources (Uses)					
Transfers Out - Special Revenue Fund - Preschool	(181,865)	-	(181,865)	(181,865)	
Transfers In - Capital Projects Fund				711	711
Transfers Out - Capital Projects Fund	(7,187,542)	5,187,542	(2,000,000)	(2,000,000)	-
Total Other Financing Sources (Uses)	(7,369,407)	5,187,542	(2,181,865)	(2,181,154)	711
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(9,422,451)	5,164,768	(4,257,683)	(1,403,147)	2,854,536
Fund Balance, Beginning of Year	13,971,771	-	13,971,771	13,971,771	-
Fund Balance, End of Year	\$ 4,549,320	\$ 5,164,768	\$ 9,714,088	\$ 12,568,624	\$ 2,854,536
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,147,392	
Capital Reserve - Designated for Subsequent Year's Budget				4,462,043	
Emergency Reserve				406,768	
Excess Surplus				1,382,571	
Excess Surplus - Designated for Subsequent Year's Budget				2,548,350	
Committed					
Encumbrances				932,195	
Assigned					
Encumbrances				556,437	
Unassigned					
Unreserved				1,132,868	
Fund Balance (Budgetary Basis)				12,568,624	
Reconciliation to Governmental Fund Statements (GAAP)					
State Aid Payments Not Recognized on a GAAP Basis				(1,989,574)	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 10,579,050	

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 8,981	\$ 8,981	\$ 8,981	
State	\$ 770,850	54,459	825,309	575,112	\$ (250,197)
Federal	1,350,370	452,684	1,803,054	1,788,264	(14,790)
Total Revenues	<u>2,121,220</u>	<u>516,124</u>	<u>2,637,344</u>	<u>2,372,357</u>	<u>(264,987)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,023,788	101,731	1,125,519	1,079,204	46,315
Other Salaries for Instruction	96,241	1	96,242	94,305	1,937
Purchased Professional/Educational Services	73,037	23,262	96,299	76,540	19,759
Tuition	614,572	158,245	772,817	772,817	-
General Supplies	39,571	120,843	160,414	160,093	321
Textbooks	9,868	1,252	11,120	11,120	-
Total Instruction	<u>1,857,077</u>	<u>405,334</u>	<u>2,262,411</u>	<u>2,194,079</u>	<u>68,332</u>
Support Services					
Salaries of Other Professional Staff		2,000	2,000	2,000	-
Other Salaries	469	173	642	642	-
Employee Benefits	206,883	63,069	269,952	269,952	-
Purchased Prof. and Technical Services	52,391	24,442	76,833	62,043	14,790
Cleaning, Repairs and Maintenance		20,363	20,363	20,363	-
Other Objects	4,400	743	5,143	5,143	-
Total Support Services	<u>264,143</u>	<u>110,790</u>	<u>374,933</u>	<u>360,143</u>	<u>14,790</u>
Total Expenditures	<u>2,121,220</u>	<u>516,124</u>	<u>2,637,344</u>	<u>2,554,222</u>	<u>83,122</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	(181,865)	181,865
Other Financing Sources					
Transfers In - General Fund Contribution	-	-	-	181,865	(181,865)
Fund Balance, June 30, 2018	<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, 2018**

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.

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Revenues (budgetary basis)	C-1	\$ 61,730,724	C-2	\$ 2,372,357
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.		1,946,723		38,361
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.		(1,989,574)		
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.		-		1,270
		<u> </u>		<u> </u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	\$ <u>61,687,873</u>	B-2	\$ <u>2,411,988</u>
Uses/Outflows of Resources				
Expenditures (budgetary basis)	C-1	\$ 60,952,717	C-2	\$ 2,554,222
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.				
		-		1,270
		<u> </u>		<u> </u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	\$ <u>60,952,717</u>	B-2	\$ <u>2,555,492</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04603	0.04609	0.04719	0.04861	0.04722
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,714,702	\$ 13,651,037	\$ 10,593,590	\$ 9,100,717	\$ 9,024,932
District's Covered-Employee Payroll	\$ 3,320,907	\$ 3,222,757	\$ 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	322.64%	423.58%	326.88%	276.95%	269.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	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 Five Fiscal Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 426,405	\$ 409,472	\$ 405,722	\$ 400,716	\$ 355,803
Contributions in Relation to the Contractually Required Contributions	<u>426,405</u>	<u>409,472</u>	<u>405,722</u>	<u>400,716</u>	<u>355,803</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	\$ 3,320,907	\$ 3,222,757	\$ 3,240,821	\$ 3,286,043	\$ 3,354,157
Contributions as a Percentage of Covered-Employee Payroll	12.84%	12.71%	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 Five Fiscal Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
States Proportionate Share of Net Pension Liability (Asset) Associated With the District	<u>\$ 138,256,371</u>	<u>\$ 160,643,953</u>	<u>\$ 127,397,084</u>	<u>\$ 112,288,092</u>	<u>\$ 103,166,969</u>
Total	<u>\$ 138,256,371</u>	<u>\$ 160,643,953</u>	<u>\$ 127,397,084</u>	<u>\$ 112,288,092</u>	<u>\$ 103,166,969</u>
District's Covered-Employee Payroll	\$ 20,173,456	\$ 20,605,037	\$ 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%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	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, 2018**

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.

**LODI BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 4,101,043
Interest on Total OPEB Liability	3,187,295
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(13,251,084)
Gross Benefit Payments	(2,284,585)
Contribution from the Member	84,124
Net Change in Total OPEB Liability	(8,163,207)
Total OPEB Liability - Beginning	108,463,226
Total OPEB Liability - Ending	\$ 100,300,019
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	100,300,019
Total OPEB Liability - Ending	\$ 100,300,019
District's Covered-Employee Payroll	\$ 23,494,363
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability 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, 2018**

	Temporary Emergency Impact Aid	Nonpublic Textbooks	N.J. Nonpublic Auxiliary Compensatory Education	Home Instruction	NJ Nonpublic Handicapped Supplemental Instruction	Examination/ Classification	Nonpublic Security	Nonpublic Nursing	Nonpublic Technology	Sub-Total
REVENUES										
State Sources		\$ 11,120	\$ 35,699	\$ 2,474	\$ 21,251	\$ 17,116	\$ 15,375	\$ 19,885	\$ 7,511	\$ 130,431
Federal Sources	\$ 13,750	-	-	-	-	-	-	-	-	13,750
Total Revenues	13,750	11,120	35,699	2,474	21,251	17,116	15,375	19,885	7,511	144,181
EXPENDITURES										
Instruction:										
Other Purchased Services			35,699	2,474	21,251	17,116				76,540
General Supplies	13,750								7,511	21,261
Textbooks	-	11,120	-	-	-	-	-	-	-	11,120
Total Instruction	13,750	11,120	35,699	2,474	21,251	17,116	-	-	7,511	108,921
Support Services										
Other Salaries								642		642
Purchased Professional and Technical Cleaning, Repairs and Maintenance							15,375	19,243		19,243
Total Support Services	-	-	-	-	-	-	15,375	19,885	-	35,260
Total Expenditures	13,750	11,120	35,699	2,474	21,251	17,116	15,375	19,885	7,511	144,181
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Other Financing Sources Transfer In - General Fund	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immig</u>	<u>Title IV</u>	<u>IDEA B Basic</u>	<u>IDEA B Preschool</u>	<u>Perkins Vocational Education</u>	<u>Local Grants</u>	<u>Preschool Education</u>	<u>Total</u>
REVENUES											
Local Sources									\$ 8,981		\$ 8,981
State Sources										\$ 444,681	\$ 444,681
Federal Sources	\$ 755,889	\$ 115,200	\$ 42,466	\$ 11,909	\$ 10,300	\$ 785,926	\$ 26,191	\$ 26,633	-	-	1,788,264
Total Revenues	<u>755,889</u>	<u>115,200</u>	<u>42,466</u>	<u>11,909</u>	<u>10,300</u>	<u>785,926</u>	<u>26,191</u>	<u>26,633</u>	<u>8,981</u>	<u>444,681</u>	<u>2,372,357</u>
EXPENDITURES											
Instruction:											
Salaries of Teachers	522,283	88,906	31,520							436,495	1,079,204
Other Salaries for Instruction										94,305	94,305
Other Purchased Services											76,540
Tuition						746,626	26,191				772,817
General Supplies	77,350			11,909	10,300			24,481	3,993	10,799	160,093
Textbooks	-	-	-	-	-	-	-	-	-	-	11,120
Total Instruction	<u>599,633</u>	<u>88,906</u>	<u>31,520</u>	<u>11,909</u>	<u>10,300</u>	<u>746,626</u>	<u>26,191</u>	<u>24,481</u>	<u>3,993</u>	<u>541,599</u>	<u>2,194,079</u>
Support Services											
Salaries of Other Professional Staff								2,000			2,000
Other Salaries for Instruction											642
Employee Benefits	151,113	26,294	7,446					152		84,947	269,952
Purchased Professional and Technical			3,500			39,300					62,043
Cleaning, Repairs and Maintenance									4,988		20,363
Other Objects	5,143	-	-	-	-	-	-	-	-	-	5,143
Total Support Services	<u>156,256</u>	<u>26,294</u>	<u>10,946</u>	<u>-</u>	<u>-</u>	<u>39,300</u>	<u>-</u>	<u>2,152</u>	<u>4,988</u>	<u>84,947</u>	<u>360,143</u>
Total Expenditures	<u>755,889</u>	<u>115,200</u>	<u>42,466</u>	<u>11,909</u>	<u>10,300</u>	<u>785,926</u>	<u>26,191</u>	<u>26,633</u>	<u>8,981</u>	<u>626,546</u>	<u>2,554,222</u>
Excess (Deficiency) of Revenues											
Over/(Under) Expenditures	-	-	-	-	-	-	-	-	-	(181,865)	(181,865)
Other Financing Sources											
Transfer In - General Fund	-	-	-	-	-	-	-	-	-	181,865	181,865
Fund Balance, June 30, 2018	<u>\$ -</u>	<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, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 482,811	\$ (1)	\$ 482,810	\$ 436,495	\$ 46,315
Other Salaries for Instruction	96,241	1	96,242	94,305	1,937
General Supplies	11,120	-	11,120	10,799	321
	<u>590,172</u>	<u>-</u>	<u>590,172</u>	<u>541,599</u>	<u>48,573</u>
Total Instruction					
Support Services					
Personal Services - Employee Benefits	77,698	7,249	84,947	84,947	-
	<u>77,698</u>	<u>7,249</u>	<u>84,947</u>	<u>84,947</u>	<u>-</u>
Total Support Services					
Total Expenditures	<u>\$ 667,870</u>	<u>\$ 7,249</u>	<u>\$ 675,119</u>	<u>\$ 626,546</u>	<u>\$ 48,573</u>

Calculation of Budget Carryover

Total Revised 2017-2018 Preschool Education Aid Allocation	\$ 486,005
Add:	
Preschool Education Aid Carryover (June 30, 2017)	7,249
Prior Year Accrued Salaries Cancelled	41,621
Budgeted Transfer from the General Fund 2017-2018	<u>181,865</u>
Total Preschool Education Aid Funds Available for 2017-2018 Budget	716,740
Less: 2017-2018 Budgeted Preschool Education Aid (Including	
Prior Year Budgeted Carryover)	<u>675,119</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2018	41,621
Add: June 30, 2018 Unexpended Preschool Education Aid	<u>48,573</u>
2017-2018 Carryover - Preschool Education Aid Programs	<u>\$ 90,194</u>
2017-2018 Preschool Education Aid Carryover Budgeted in 2018-2019	<u>\$ -</u>

CAPITAL PROJECTS FUND

**LODI BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<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, 2018</u>
Construction of Admin/Child Study Team Building	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000

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, 2018

Revenues and Other Financing Sources

Transfer from General Fund - Capital Reserve	\$ 2,000,000
Interest	<u>711</u>
Total Revenues	<u>2,000,711</u>

Expenditures and Other Financing Uses

Transfer to General Fund	<u>711</u>
Total Expenditures	<u>711</u>

Excess Of Expenditures and Other Financing Uses Over
Revenues and Other Financing Sources

2,000,000

Fund Balance, Beginning of Year

-

Fund Balance, End of Year

\$ 2,000,000

**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, 2018**

	<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	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Total Revenues	-	2,000,000	2,000,000	2,000,000
Expenditures and Other Financing Uses				
Professional Services	-		-	
Construction Services	-	-	-	2,000,000
Total Expenditures and Other Financing Uses	-	-	-	2,000,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
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		2,000,000		
Additional Authorized Cost		-		
Revised Authorized Cost		2,000,000		
Percentage Increase over Original Authorized Cost		0%		
Percentage Completion		N/A		
Original Target Completion Date		December 31, 2019		
Revised Target Completion Date		December 31, 2019		

PROPRIETARY FUND

**LODI BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

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, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 82,073	\$ 107,314	\$ 189,387
Total Assets	<u>\$ 82,073</u>	<u>\$ 107,314</u>	<u>\$ 189,387</u>
LIABILITIES			
Payroll Deductions and Other Payables		\$ 100,264	\$ 100,264
Due To Other Funds		7,050	7,050
Due to Student Groups	\$ 82,073	<u>-</u>	<u>82,073</u>
Total Liabilities	<u>\$ 82,073</u>	<u>\$ 107,314</u>	<u>\$ 189,387</u>

**LODI BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Thomas Jefferson Middle School	\$ 14,697	\$ 81,855	\$ 86,954	\$ 9,598
Lodi High School	53,167	157,267	139,082	71,352
Athletic Account	1,452	46,266	46,595	1,123
	<u>\$ 69,316</u>	<u>\$ 285,388</u>	<u>\$ 272,631</u>	<u>\$ 82,073</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance,</u> <u>July 1,</u> <u>2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30,</u> <u>2018</u>
Payroll Deductions, Withholdings and Accrued Salaries and Wages Due To Other Funds	\$ 35,325	\$ 34,674,073	\$ 34,609,134	\$ 100,264
	<u>7,050</u>	<u>-</u>	<u>-</u>	<u>7,050</u>
Total	<u>\$ 42,375</u>	<u>\$ 34,674,073</u>	<u>\$ 34,609,134</u>	<u>\$ 107,314</u>

LONG-TERM DEBT

**LODI BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

LODI BOARD OF EDUCATION
LONG-TERM DEBT
OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<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, 2017</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2018</u>
Refunding Certificates of Participation	8/13/2015	2,795,000	9/15/18	465,000	2.00 %	<u>\$ 2,080,000</u>	<u>\$ -</u>	<u>\$ 445,000</u>	<u>\$ 1,635,000</u>
			9/15/19	465,000	2.00				
			9/15/20	480,000	2.00				
			9/15/21	225,000	2.00				

**LODI BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 363,710		\$ 363,710	\$ 363,710	
State Sources					
Debt Service Aid	88,885	-	88,885	88,885	-
Total Revenues	<u>452,595</u>	<u>-</u>	<u>452,595</u>	<u>452,595</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Principal Payments - Comm Approved Lease Purchase	445,000		445,000	445,000	-
Interest for Comm. Approved Lease Purchase	37,150	-	37,150	37,150	-
Total Expenditures	<u>482,150</u>	<u>-</u>	<u>482,150</u>	<u>482,150</u>	<u>-</u>
Excess (Deficit) of Revenues Over/(Under)					
Expenditures	(29,555)	-	(29,555)	(29,555)	-
Fund Balance, Beginning of Year	<u>29,555</u>	<u>-</u>	<u>29,555</u>	<u>29,555</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment In Capital Assets	\$ 29,637,205	\$ 28,464,158	\$ 26,118,850	\$ 28,618,260	\$ 29,592,115	\$31,047,402	\$ 32,817,931	\$32,826,729	\$32,197,528	\$31,336,608
Restricted	513,877	1,844,026	908,335	1,122,405	3,187,051	7,161,080	8,472,291	9,235,108	9,055,820	7,609,435
Unrestricted	<u>(3,007,889)</u>	<u>(2,873,097)</u>	<u>1,158,697</u>	<u>(2,666,682)</u>	<u>988,842</u>	<u>(617,457)</u>	<u>(10,511,258)</u>	<u>(11,092,318)</u>	<u>(10,154,950)</u>	<u>(8,534,943)</u>
Total Governmental Activities Net Position	<u>\$ 27,143,193</u>	<u>\$ 27,435,087</u>	<u>\$ 28,185,882</u>	<u>\$ 27,073,983</u>	<u>\$ 33,768,008</u>	<u>\$37,591,025</u>	<u>\$ 30,778,964</u>	<u>\$30,969,519</u>	<u>\$31,098,398</u>	<u>\$30,411,100</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 134,320	\$ 189,848	\$ 182,679	\$ 180,828	\$ 286,355	\$ 255,647	\$ 266,427	\$ 300,098	\$ 280,291	\$ 277,574
Unrestricted	<u>712,682</u>	<u>501,722</u>	<u>458,888</u>	<u>275,814</u>	<u>281,952</u>	<u>413,061</u>	<u>382,161</u>	<u>320,432</u>	<u>329,579</u>	<u>308,567</u>
Total Business-Type Activities Net Position	<u>\$ 847,002</u>	<u>\$ 691,570</u>	<u>\$ 641,567</u>	<u>\$ 456,642</u>	<u>\$ 568,307</u>	<u>\$ 668,708</u>	<u>\$ 648,588</u>	<u>\$ 620,530</u>	<u>\$ 609,870</u>	<u>\$ 586,141</u>
District-Wide										
Net Investment In Capital Assets	\$ 29,771,525	\$ 28,654,006	\$ 26,301,529	\$ 28,799,088	\$ 29,878,470	\$31,303,049	\$ 33,084,358	\$33,126,827	\$32,477,819	\$31,614,182
Restricted	513,877	1,844,026	908,335	1,122,405	3,187,051	7,161,080	8,472,291	9,235,108	9,055,820	7,609,435
Unrestricted	<u>(2,295,207)</u>	<u>(2,371,375)</u>	<u>1,617,585</u>	<u>(2,390,868)</u>	<u>1,270,794</u>	<u>(204,396)</u>	<u>(10,129,097)</u>	<u>(10,771,886)</u>	<u>(9,825,371)</u>	<u>(8,226,376)</u>
Total District Net Position	<u>\$ 27,990,195</u>	<u>\$ 28,126,657</u>	<u>\$ 28,827,449</u>	<u>\$ 27,530,625</u>	<u>\$ 34,336,315</u>	<u>\$38,259,733</u>	<u>\$ 31,427,552</u>	<u>\$31,590,049</u>	<u>\$31,708,268</u>	<u>\$30,997,241</u>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 11,643,014	\$ 13,253,883	\$ 14,333,158	\$ 15,643,796	\$ 15,941,575	\$ 21,025,223	\$ 25,286,800	\$ 26,280,042	\$ 29,361,270	\$ 28,962,892
Special Education	2,881,295	3,847,221	3,287,555	3,283,393	12,588,204	13,529,203	14,968,663	15,749,984	15,355,192	16,579,747
Other Instruction	1,128,600	1,227,693	1,215,915	1,267,586	1,218,306	1,918,561	2,109,553	1,867,675	2,226,049	2,236,311
School Sponsored Activities And Athletics	439,086	464,497	421,727	472,499	501,347	653,789	797,017	857,029	1,091,667	1,100,422
Community Services		2,584								1,288
Support Services										
Student And Instruction Related Services	13,208,848	13,309,881	13,898,994	14,201,748	4,547,314	6,295,710	7,399,427	8,505,882	8,951,873	9,086,831
General Administration	637,171	654,528	706,773	831,457	836,061	1,031,137	1,146,902	1,431,245	1,191,958	1,268,041
School Administrative Services	2,104,365	2,152,492	2,184,867	2,268,377	2,236,611	3,080,163	3,677,520	3,668,600	4,409,417	4,329,762
Plant Operations And Maintenance	4,016,823	3,628,911	4,152,352	4,042,757	3,871,420	6,261,688	5,923,142	6,285,496	6,329,612	6,553,146
Pupil Transportation	1,794,386	2,148,972	2,058,984	1,695,122	1,982,970	1,945,076	1,754,530	2,191,051	2,333,253	2,373,251
Business Services	669,168	630,553	708,479	677,795	712,482	895,792	1,017,553	1,050,862	1,146,386	1,252,422
Unallocated Employee Benefits	8,392,170	10,656,550	10,501,947	12,751,252	8,854,106					
Capital Outlay	1,654,454	1,583,169	1,419,886	1,537,681	996,241					
Interest On Long-Term Debt and Other Charges	349,132	323,084	293,710	261,962	235,894	295,362	204,430	171,998	91,956	81,012
Total Governmental Activities Expenses	48,918,512	53,884,018	55,184,347	58,935,425	54,522,531	56,931,704	64,285,537	68,059,864	72,488,633	73,805,125
Business-Type Activities:										
Food Service	1,224,747	1,532,889	1,417,767	1,509,584	1,324,732	1,318,033	1,365,030	1,375,593	1,388,608	1,374,423
Total Business-Type Activities Expense	1,224,747	1,532,889	1,417,767	1,509,584	1,324,732	1,318,033	1,365,030	1,375,593	1,388,608	1,374,423
Total District Expenses	\$ 50,143,259	\$ 55,416,907	\$ 56,602,114	\$ 60,445,009	\$ 55,847,263	\$ 58,249,737	\$ 65,650,567	\$ 69,435,457	\$ 73,877,241	\$ 75,179,548
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 12,707	\$ 20,644		\$ 21,549		\$ 43,902	\$ 119,939	\$ 109,712	\$ 68,445	\$ 27,473
Operating Grants And Contributions	6,088,796	7,130,171	\$ 7,450,173	8,621,547	\$ 9,680,663	8,703,944	14,696,528	16,756,882	21,060,518	20,846,446
Capital Grants And Contributions		4,497,414	145,780			339,798	405,010	165,177	-	-
Total Governmental Activities Program Revenues	6,101,503	11,648,229	7,595,953	8,643,096	9,680,663	9,087,644	15,221,477	17,031,771	21,128,963	20,873,919
Business-Type Activities:										
Charges For Services										
Food Service	642,538	627,622	655,407	548,607	497,591	491,476	458,194	437,137	438,374	445,558
Operating Grants And Contributions	650,914	749,603	712,153	776,024	938,799	926,945	886,686	913,865	944,044	903,879
Total Business Type Activities Program Revenues	1,293,452	1,377,225	1,367,560	1,324,631	1,436,390	1,418,421	1,344,880	1,351,002	1,382,418	1,349,437
Total District Program Revenues	\$ 7,394,955	\$ 13,025,454	\$ 8,963,513	\$ 9,967,727	\$ 11,117,053	\$ 10,506,065	\$ 16,566,357	\$ 18,382,773	\$ 22,511,381	\$ 22,223,356

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	\$ (42,817,009)	\$ (42,235,789)	\$ (47,588,394)	\$ (50,292,329)	\$ (44,841,868)	\$ (47,844,060)	\$ (49,064,060)	\$ (51,028,093)	\$ (51,359,670)	\$ (52,931,206)
Business-Type Activities	68,705	(155,664)	(50,207)	(184,953)	111,658	100,388	(20,150)	(24,591)	(6,190)	(24,986)
Total District-Wide Net Expense	<u>\$ (42,748,304)</u>	<u>\$ (42,391,453)</u>	<u>\$ (47,638,601)</u>	<u>\$ (50,477,282)</u>	<u>\$ (44,730,210)</u>	<u>\$ (47,743,672)</u>	<u>\$ (49,084,210)</u>	<u>\$ (51,052,684)</u>	<u>\$ (51,365,860)</u>	<u>\$ (52,956,192)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 32,514,298	\$ 33,705,497	\$ 37,525,554	\$ 37,849,957	\$ 38,712,642	\$ 39,463,253	\$ 38,878,553	\$ 39,028,935	\$ 39,040,604	\$ 38,452,529
State Aid	11,575,701	9,463,078	10,633,027	11,168,711	11,803,487	11,913,661	11,984,254	11,956,668	12,156,831	13,272,916
Federal Sources	51,553									
Interest Earned on Capital Reserve Funds	57									
Miscellaneous Income	139,993	434,851	232,198	168,208	400,192	290,825	341,201	232,623	287,297	524,914
Donation of Capital Assets						4,805	72,923	6,945	-	-
Loss on Disposal of Capital Assets						(5,467)		(6,523)	(1,539)	(6,451)
LPA Adjustments	606									
Transfers	(1,109,586)	(1,075,743)	(51,600)							
Total Governmental Activities	<u>43,172,622</u>	<u>42,527,683</u>	<u>48,339,179</u>	<u>49,186,876</u>	<u>50,916,321</u>	<u>51,667,077</u>	<u>51,276,931</u>	<u>51,218,648</u>	<u>51,483,193</u>	<u>52,243,908</u>
Business-Type Activities:										
Unrestricted Miscellaneous Revenues	4,274	232	204	28	7	13	30	44	19	1,257
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(3,511)	(4,489)	-
Total Business-Type Activities	<u>4,274</u>	<u>232</u>	<u>204</u>	<u>28</u>	<u>7</u>	<u>13</u>	<u>30</u>	<u>(3,467)</u>	<u>(4,470)</u>	<u>1,257</u>
Total District-Wide	<u>\$ 43,176,896</u>	<u>\$ 42,527,915</u>	<u>\$ 48,339,383</u>	<u>\$ 49,186,904</u>	<u>\$ 50,916,328</u>	<u>\$ 51,667,090</u>	<u>\$ 51,276,961</u>	<u>\$ 51,215,181</u>	<u>\$ 51,478,723</u>	<u>\$ 52,245,165</u>
Change in Net Position										
Governmental Activities	\$ 355,613	\$ 291,894	\$ 750,785	\$ (1,105,453)	\$ 6,074,453	\$ 3,823,017	\$ 2,212,871	\$ 190,555	\$ 123,523	\$ (687,298)
Business-Type Activities	72,979	(155,432)	(50,003)	(184,925)	111,665	100,401	(20,120)	(28,058)	(10,660)	(23,729)
Total District	<u>\$ 428,592</u>	<u>\$ 136,462</u>	<u>\$ 700,782</u>	<u>\$ (1,290,378)</u>	<u>\$ 6,186,118</u>	<u>\$ 3,923,418</u>	<u>\$ 2,192,751</u>	<u>\$ 162,497</u>	<u>\$ 112,863</u>	<u>\$ (711,027)</u>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 5,766,148	\$ 4,712,924								
Unreserved	(149,515)	53,643								
Restricted			\$ 3,541,328	\$ 3,279,628	\$ 4,979,845	\$ 8,186,028	\$ 9,392,393	\$ 3,082,707	\$ 12,325,271	\$ 9,947,124
Committed			-	-	-	835,457	854,750	383,000	-	932,195
Assigned			2,603,437	2,278,695	4,009,119	507,162	73,969	185,537	357,226	556,437
Unassigned			(22,765)	(103,843)	(211,131)	(657,736)	(643,189)	(500,082)	(657,449)	(856,706)
Total General Fund	\$ 5,616,633	\$ 4,766,567	\$ 6,122,000	\$ 5,454,480	\$ 8,777,833	\$ 8,870,911	\$ 9,677,923	\$ 3,151,162	\$ 12,025,048	\$ 10,579,050
All Other Governmental Funds										
Reserved	\$ 3									
Unreserved	5,657	\$ 1,835,729								
Restricted			\$ 32	\$ 13,465	\$ 13,451	\$ 508,320	\$ 227,563	\$ 7,399,228	\$ 29,555	\$ 2,000,000
Unassigned						(41,388)	(55,330)	(50,096)	(38,361)	
Total All Other Governmental Funds	\$ 5,660	\$ 1,835,729	\$ 32	\$ 13,465	\$ 13,451	\$ 466,932	\$ 172,233	\$ 7,349,132	\$ (8,806)	\$ 2,000,000

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 32,514,298	\$ 33,705,497	\$ 37,525,554	\$ 37,849,957	\$ 38,712,642	\$ 39,463,253	\$ 38,878,553	\$ 39,028,935	\$ 39,040,604	\$ 38,452,529
Tuition Charges	12,707	20,644		21,549		43,902	119,939	109,712	68,445	27,473
Interest on Capital Reserve Funds	57	81	4	21	21	139	300	595	65	44,059
Interest on Emergency Reserve Funds			2	619	671	623	639	670	820	2,785
Miscellaneous	139,993	434,851	232,198	233,287	409,198	290,064	241,412	246,514	297,059	487,051
State Sources	16,295,245	16,499,190	16,501,349	17,637,839	19,620,424	19,199,528	20,332,965	20,808,518	21,620,855	23,649,311
Federal Sources	1,420,805	4,591,473	1,727,625	2,086,700	1,854,028	1,757,875	1,794,222	1,911,292	1,822,169	1,889,959
Total Revenues	50,383,105	55,251,736	55,986,732	57,829,972	60,596,984	60,755,384	61,368,030	62,106,236	62,850,017	64,553,167
Expenditures										
Instruction										
Regular Instruction	11,643,014	13,253,883	14,333,148	15,643,796	15,286,421	21,818,161	22,169,857	22,516,384	23,478,058	24,158,145
Special Education Instruction	2,881,295	3,847,221	3,287,555	3,283,393	3,259,461	13,697,743	14,419,203	15,093,336	14,334,529	15,712,892
Other Instruction	1,128,600	1,227,693	1,215,915	1,267,586	1,159,670	2,009,587	1,813,691	1,549,205	1,693,608	1,790,154
School Sponsored Activities And Athletics	439,086	464,497	421,727	472,499	501,347	672,369	690,895	730,487	865,027	907,168
Community Services		2,584								1,288
Support Services										
Student and Inst. Related Services	13,208,848	13,309,881	13,898,994	14,201,748	14,589,847	6,518,298	6,751,297	7,640,832	7,479,234	7,786,285
General Administration	637,171	654,528	706,773	831,457	836,061	1,049,110	1,119,251	1,090,123	1,114,621	1,172,428
School Administration	2,104,365	2,152,492	2,184,867	2,268,377	2,236,611	3,227,255	3,313,646	3,279,742	3,566,889	3,616,136
Plant Operations And Maintenance	4,016,823	3,628,911	4,152,352	4,042,757	3,871,420	4,691,988	4,406,730	4,539,439	4,361,039	4,475,992
Pupil Transportation	1,794,386	2,148,972	2,058,984	1,695,122	1,982,970	1,945,076	1,754,530	2,191,051	2,333,253	2,373,251
Business Services	669,168	630,553	708,479	677,795	712,482	935,599	966,118	971,862	982,447	1,072,545
Unallocated Employee Benefits	9,412,384	10,791,488	10,432,883	12,879,461	11,045,854					
Capital Outlay	533,342	145,203	2,080,009	461,660	1,046,972	2,857,181	2,773,383	1,331,847	606,120	408,681
Debt Service										
Principal	579,394	614,997	640,000	490,000	515,000	544,998	465,000	455,000	440,000	445,000
Interest And Other Charges	349,132	323,087	293,710	261,962	235,894	241,540	212,116	193,545	79,244	70,394
Total Expenditures	49,397,008	53,195,990	56,415,396	58,477,613	57,280,010	60,208,905	60,855,717	61,582,853	61,334,069	63,990,359
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	986,097	2,055,746	(428,664)	(647,641)	3,316,974	546,479	512,313	523,383	1,515,948	562,808
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	7,392,040	2,182,576
Transfers Out	(1,109,586)	(1,075,743)	(51,600)			(880,724)	(282,842)	(7,716,552)	(7,392,040)	(2,182,576)
Total Other Financing Sources (Uses)	(1,109,586)	(1,075,743)	(51,600)	-	-	-	-	126,755	-	-
Net Change In Fund Balances	\$ (123,489)	\$ 980,003	\$ (480,264)	\$ (647,641)	\$ 3,316,974	\$ 546,479	\$ 512,313	\$ 650,138	\$ 1,515,948	\$ 562,808
Debt Service As A Percentage Of										
Noncapital Expenditures	1.90%	1.77%	1.72%	1.30%	1.34%	1.37%	1.17%	1.08%	0.86%	0.81%

* 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>
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
2017	1,144	68,445	3,265	282,310	355,164
2018	84,178	27,473	19,787	420,238	551,676

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
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
2016	9,530,600	1,407,022,800	262,692,300	117,811,600	135,336,800	1,932,394,100	91,160	1,932,485,260	2,131,950,153	2.020
2017	8,597,300	1,408,818,000	261,791,600	117,811,600	135,336,800	1,932,355,300	93,700	1,932,449,000	2,074,659,370	2.005
2018	8,597,300	1,411,145,600	267,400,400	117,991,200	135,336,800	1,940,471,300	93,700	1,940,565,000	2,301,148,884	1.989

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>
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
2016	2.020	0.950	0.269	0.003	3.242
2017	2.005	0.968	0.258	0.011	3.242
2018	1.989	0.967	0.278	0.012	3.246

Source: Borough of Lodi, Tax Assessor

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Cedar Wright Apartments, LLC	\$ 26,009,700	0.013403158		
Lodi UE LLC	20,553,200	0.010591348		
Parker Properties c/o The Home Depot	16,266,600	0.008382404		
Rothman, Leonard & Mildred	13,154,700	0.006778799		
UE Lodi Delaware LLC	12,415,400	0.006397827	Information Not Available	
JMP 150-174 Essex Street, LLC	12,349,000	0.006363611		
Lodi Market, LLC	11,345,700	0.005846596		
Lodi Value Add It, LLC	10,000,000	0.005153138		
Cedar Wright Apartments	8,955,700	0.004614996		
The David F Bolger Revocable Trust	8,000,000	0.004122511		
Total	<u>\$ 139,050,000</u>	<u>7.17%</u>	<u>\$ -</u>	<u>0.00%</u>

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	
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%	
2017	39,040,604	39,040,604	100.00%	
2018	38,452,529	38,452,529	100.00%	

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

Governmental Activities

Fiscal Year Ended <u>June 30,</u>	<u>Pension</u> <u>Refunding Bonds</u>	<u>Certificates of</u> <u>Participation</u>	<u>Total School</u> <u>District</u>	<u>Population</u>	<u>Per Capita</u>
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	24,184	198
2012	545,000	3,760,000	4,305,000	24,358	177
2013	340,000	3,450,000	3,790,000	24,495	155
2014	120,000	3,125,000	3,245,000	24,634	132
2015		2,780,000	2,780,000	24,727	112
2016		2,520,000	2,520,000	24,829	101
2017		2,080,000	2,080,000	24,856	84
2018		1,635,000	1,635,000	24,961	66

Source: District records

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	Pension Refunding Bonds	Deductions			
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	-		-	-	
2017	-		-	-	
2018			-		

Source: District records

N/A - Information Not Available

**LODI BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2018
(Unaudited)**

Net Direct Debt of School District as of June 30, 2018		\$ -
Net Overlapping Debt of School District		
Borough of Lodi	\$ 22,215,817	
Bergen County (A)	15,244,040	
Passaic Valley Sewerage Commission (B)	<u>3,013,811</u>	
		<u>40,473,668</u>
 Total Direct and Overlapping Debt as of June 30, 2018		 <u>\$ 40,473,668</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2018 equalized valuation by the total 2018 equalized valuation for Bergen County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Borough of Lodi 2017 Annual Debt Statement
- (2) Bergen County 2017 Annual Debt Statement
- (3) Passaic Valley Sewerage Commission

**LODI BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 96,088,971	\$ 96,954,269	\$ 94,053,691	\$ 88,237,626	\$ 84,466,368	\$ 81,494,998	\$ 81,579,419	\$ 82,035,437	\$ 83,246,044	\$ 86,179,179
Total Net Debt Applicable To Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 96,088,971</u>	<u>\$ 96,954,269</u>	<u>\$ 94,053,691</u>	<u>\$ 88,237,626</u>	<u>\$ 84,466,368</u>	<u>\$ 81,494,998</u>	<u>\$ 81,579,419</u>	<u>\$ 82,035,437</u>	<u>\$ 83,246,044</u>	<u>\$ 86,179,179</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis

2017	\$ 2,279,527,309
2016	2,062,320,277
2015	<u>2,121,590,829</u>
	<u>\$ 6,463,438,415</u>

Average Equalized Valuation of Taxable Property	<u>\$ 2,154,479,472</u>
Debt Limit (4 % of Average Equalization Value)	\$ 86,179,179
Total Net Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u>\$ 86,179,179</u>

Source: Equalized valuation basis were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**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>
2009	23,705	\$ 65,097	9.9%
2010	23,766	66,080	10.2%
2011	24,184	69,044	10.0%
2012	24,358	71,953	10.2%
2013	24,495	71,449	7.8%
2014	24,634	73,293	7.8%
2015	24,727	76,388	6.5%
2016	24,829	77,187	6.2%
2017	24,856	N/A	5.5%
2018	24,961	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 TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</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>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	230	208	208	186	187	191	186	185	185	188
Special Education	12	13	13	30	30	29	28	29	30	28
Other Instruction	18	18	18	19	19	16	21	21	18	17
School Sponsored Activities And Athletics	2	2	2							1
Support Services										
Student and Instruction Related Services	19	17	17	16	16	16	16	15	18	18
General Administration	6	6	6	5	5	5	5	5	5	5
School Administrative Services	23	24	24	23	23	23	23	23	23	23
Central Services	5	5	5	5	5	5	5	5	5	5
Administrative Information Technology	3	2	2	2	2	2	2	2	2	2
Plant Operations and Maintenance	30	33	33	26	26	26	26	26	25	27
Other Support Services	19	39	39	23	23	23	23	24	23	23
Total	<u>367</u>	<u>367</u>	<u>367</u>	<u>335</u>	<u>336</u>	<u>336</u>	<u>335</u>	<u>335</u>	<u>334</u>	<u>337</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	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2017	3,140	60,208,705	19,175	3.01%	233	3,140	2,952	-1.94%	94.01%
2018	3,093	63,066,284	20,390	9.54%	234	3,093	2,912	-3.40%	94.15%

Student/Faculty Ratios

	<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>	<u>2016/17</u>	<u>2017/18</u>
Columbus	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	19.0 to 1	16.0 to 1
Hilltop	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	14.0 to 1	14:0 to 1
Roosevelt	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	14.0 to 1	14:0 to 1
Washington	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	14.0 to 1	14:0 to 1
Wilson	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	15.0 to 1	15:0 to 1
Thomas Jefferson Middle School	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	13.0 to 1	13:0 to 1
Lodi High School	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	14.0 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 TEN FISCAL YEARS
(Unaudited)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Lodi High School										
Square Feet	139,800	139,800	139,800	139,800	139,800	139,800	139,509	139,509	139,509	139,509
Capacity (students)	836.40	836.40	836.40	836.40	836.40	836.40	836.40	836.40	836.40	836.40
Enrollment	891.20	883.20	903.70	914.30	951.50	990.64	919.49	908.64	878.62	848.85
Thomas Jefferson Middle School										
Square Feet	86,700	86,700	86,700	86,700	86,700	86,700	88,900	88,900	88,900	88,900
Capacity (students)	651.10	651.10	651.10	651.10	651.10	651.10	651.10	651.10	651.10	651.10
Enrollment *	734.70	764.80	802.00	763.80	732.50	683.99	714.91	715.43	719.44	721.29
Columbus Elementary School										
Square Feet	42,400	42,400	42,400	42,400	42,400	42,400	42,100	42,100	42,100	42,100
Capacity (students)	289.80	289.80	289.80	289.80	289.80	289.80	289.80	289.80	289.80	289.80
Enrollment	250.40	263.90	254.80	259.50	265.50	278.41	294.51	297.23	271.32	250.41
Hilltop Elementary School										
Square Feet	54,340	54,340	54,340	54,340	54,340	54,340	64,340	64,340	64,340	64,340
Capacity (students)	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00
Enrollment	401.40	379.10	397.30	412.80	405.80	392.02	378.19	358.89	358.47	354.99
Roosevelt Elementary School										
Square Feet	18,150	18,150	18,150	18,150	18,150	18,150	16,736	16,736	16,736	16,736
Capacity (students)	142.80	142.80	142.80	142.80	142.80	142.80	142.80	142.80	142.80	142.80
Enrollment	161.50	162.30	155.70	162.00	164.30	181.41	175.17	179.76	175.46	176.67
Washington Elementary School										
Square Feet	58,170	58,170	58,170	58,170	58,170	58,170	57,200	57,200	57,200	57,200
Capacity (students)	414.30	414.30	414.30	414.30	414.30	414.30	414.30	414.30	414.30	414.30
Enrollment	393.80	414.10	420.40	439.90	424.50	420.18	407.94	393.15	379.67	387.37
Wilson Elementary School										
Square Feet	53,640	53,640	53,640	53,640	53,640	53,640	51,500	51,500	51,500	51,500
Capacity (students)	400.80	400.80	400.80	400.80	400.80	400.80	400.80	400.80	400.80	400.80
Enrollment	365.60	350.70	339.80	363.60	348.40	363.14	336.65	348.73	356.58	353.87

Number of Schools at June 30, 2018

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Lodi High School	\$ 448,831	\$ 333,061	\$ 395,045	\$ 620,761	\$ 591,266	\$ 341,052	\$ 323,465	\$ 359,460	\$ 278,190	\$ 252,792
Columbus School	48,607	54,186	119,666	79,873	116,925	181,977	79,243	124,956	91,564	96,278
Hilltop School	72,725	241,163	369,802	120,795	139,447	102,696	64,946	80,662	76,792	98,371
Thomas Jefferson Middle School	251,587	201,323	183,390	208,772	106,852	99,349	215,045	216,811	152,090	334,999
Lincoln School	44,429	23,570	69,773	38,681	64,533	69,248	29,471	25,769	37,067	36,154
Roosevelt School	19,775	24,464	51,485	90,670	32,867	44,030	56,788	41,656	17,142	30,636
Washington School	195,658	53,030	82,805	198,665	101,348	106,419	106,591	115,960	109,508	89,478
Wilson School	84,244	89,483	123,669	176,500	105,889	142,372	86,764	75,559	92,631	105,098
Grand Total	<u>\$ 1,165,856</u>	<u>\$ 1,020,280</u>	<u>\$ 1,395,635</u>	<u>\$ 1,534,717</u>	<u>\$ 1,259,127</u>	<u>\$ 1,087,143</u>	<u>\$ 962,313</u>	<u>\$ 1,040,833</u>	<u>\$ 854,984</u>	<u>\$ 1,043,806</u>

**LODI BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2018
(Unaudited)**

<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
Property Coverages		
Special Form R.C.		
Blanket Building and Contents	\$ 114,290,828	\$ 5,000
Equipment Breakdown	100,000,000	Environmental:
Extra Expenses	50,000,000	\$1,000,000 Per Impairment/
Valuable Papers	10,000,000	\$2,000,000 Aggregate
		\$11,000,000 Group Policy
		Aggregate Deductibles
		\$50,000/\$250,000
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	500
Money and Securities	10,000	500
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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, 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, 2018 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 January 28, 2019.

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.

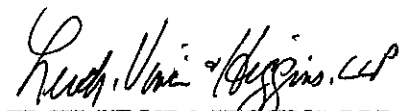
Compliance and Other Matters

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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Lodi Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated January 28, 2019.

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
January 28, 2019



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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ROBERT LERCH, CPA

**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, 2018. 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 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, 2018.

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, 2018 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 January 28, 2019, 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
January 28, 2019

LODI BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAJN Number	Grant Period	Award Amount	Balance July 1, 2017			Cash Received	Budgetary Expenditures	Adjustment	Prior Year Reclassification	Balance June 30, 2018			Memo GAAP Receivable
					(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education															
Medicaid Reimbursement - MAC	93.778	180SNJ5MAP	7/01/17-6/30/18	\$ 14,322	-	-	\$ 14,322	\$ 14,322	-	-	-	-	-	-	
Medicaid Assistance Program	93.778	180SNJ5MAP	7/01/17-6/30/18	86,103	-	-	86,103	86,103	-	-	-	-	-	-	
Total Medicaid					-	-	100,425	100,425	-	-	-	-	-	-	
Title I	84.010	S010A170030	7/01/17-6/30/18	755,889	-	-	562,857	755,889	-	-	\$ (193,032)	-	-	\$ (193,032)	
Title I	84.010	S010A160030	7/01/16-6/30/17	743,158	\$ (262,327)	-	-	262,327	-	-	-	-	-	-	
Total Title I					(262,327)	-	825,184	755,889	-	-	(193,032)	-	-	-	
Title II, Part A	84.367	S367A170029	7/01/17-6/30/18	115,200	-	-	85,609	115,200	-	-	(29,591)	-	-	(29,591)	
Title II, Part A	84.367	S367A160029	7/01/16-6/30/17	95,465	(27,546)	-	27,546	-	-	-	-	-	-	-	
Total Title II, Part A					(27,546)	-	113,155	115,200	-	-	(29,591)	-	-	-	
Title III	84.365	S365A170030	7/01/17-6/30/18	42,466	-	-	28,693	42,466	-	-	(13,773)	-	-	(13,773)	
Title III	84.365	S365A160030	7/01/16-6/30/17	41,087	(23,969)	-	23,969	-	-	-	-	-	-	-	
Title III Immigrant	84.365	S365A160030	7/01/16-6/30/17	11,909	-	-	-	11,909	-	-	(11,909)	-	-	(11,909)	
Total Title III					(23,969)	-	52,662	54,375	-	-	(25,682)	-	-	-	
Title IV	84.424	S424A170031	7/01/17-6/30/18	10,300	-	-	-	10,300	-	-	(10,300)	-	-	(10,300)	
IDEA Part B - Basic	84.027	H027A170100	7/01/17-6/30/18	788,277	-	\$ 12,439	746,626	785,926	\$ (12,439)	-	(54,090)	\$ 14,790	-	(39,300)	
IDEA Part B - Basic	84.027	H027A160100	7/01/16-6/30/17	780,604	(31,356)	12,439	18,917	-	12,439	-	-	-	-	-	
IDEA Part B - Preschool	84.173	H173A170114	7/01/17-6/30/18	26,191	-	-	26,191	26,191	-	-	-	-	-	-	
Total IDEA Part B					(31,356)	12,439	791,734	812,117	-	-	(54,090)	14,790	-	-	
Carl D. Perkins Grant	84.048	V048A170030	7/01/17-6/30/18	26,633	-	-	20,420	26,633	-	-	(6,213)	-	-	(6,213)	
Temporary Emergency Impact Aid	84938C		7/01/17-6/30/18	13,750	-	-	-	13,750	-	-	(13,750)	-	-	(13,750)	
Total U.S. Department of Education					(345,198)	12,439	1,903,580	1,888,689	-	-	(332,658)	14,790	-	(317,868)	
U.S.D.A. Department of Agriculture Passed Through State Department of Education															
School Breakfast Program	10.553	171NJ304N1099	7/01/16-6/30/17	60,667	(2,058)	-	2,058	-	-	-	-	-	-	-	
School Breakfast Program	10.553	181NJ304N1099	7/01/17-6/30/18	47,020	-	-	44,882	47,020	-	-	(2,138)	-	-	(2,138)	
National School Lunch Program	10.555	171NJ304N1099	7/01/16-6/30/17	759,469	(33,436)	-	33,436	-	-	-	-	-	-	-	
National School Lunch Program	10.555	181NJ304N1099	7/01/17-6/30/18	732,819	-	-	695,291	732,819	-	-	(37,528)	-	-	(37,528)	
Special Milk Program for Children	10.556	171NJ304N1099	7/01/16-6/30/17	2,037	(115)	-	115	-	-	-	-	-	-	-	
Special Milk Program for Children	10.556	181NJ304N1099	7/01/17-6/30/18	1,356	-	-	1,280	1,356	-	-	(76)	-	-	(76)	
Non-Cash Assistance (Food Distribution)	10.555	171NJ304N1099	7/01/16-6/30/17	103,938	-	2,979	2,979	-	-	-	-	-	-	-	
Non-Cash Assistance (Food Distribution)	10.555	181NJ304N1099	7/01/17-6/30/18	105,598	-	-	105,598	103,582	-	-	-	-	2,216	-	
Total U.S.D.A. Department of Agriculture					(35,609)	2,979	882,660	887,556	-	-	(39,742)	-	2,216	(39,742)	
Total Federal Financial Awards					\$ (380,807)	\$ 15,418	\$ 2,786,240	\$ 2,776,245	\$ -	\$ -	\$ (372,400)	\$ 14,790	\$ 2,216	\$ (357,610)	

LODI BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Memorandum	GAAP	State Department of Education	Grant or State	Award	Balance	July 1, 2017	Carryover	Amount	Cash	Budgetary	Expenditures	Adjustment	Prior Year	Cancelled	Parables	Repayment of	Balance	Unencumbered	Revenue	Grantor	Due to	GAAP	Expenditures
			Project Number	Amount	July 1, 2017	Carryover	Amount	Received	Expenditures	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018
			17-495-034-5120-078	\$ 11,794,666	(991,679)	\$	12,011,164	991,679	12,011,164	\$	12,086,190		\$	(1,075,026)			\$	(1,075,026)				\$	13,086,190
			17-495-034-5120-078	13,086,190			12,133,888		12,133,888		12,133,888			(174,435)				(174,435)					2,123,388
			17-495-034-5120-089	2,123,388			2,123,388		2,123,388		2,123,388			(20,976)				(20,976)					255,334
			17-495-034-5120-084	255,334			255,334		255,334		255,334			(6,461)				(6,461)					76,849
			17-495-034-5120-096	76,849			76,849		76,849		76,849			(5,113)				(5,113)					35,130
			17-495-034-5120-098	35,130			35,130		35,130		35,130			(2,886)				(2,886)					35,130
			17-495-034-5120-098	35,130			35,130		35,130		35,130			(2,954)				(2,954)					35,130
			17-495-034-5120-097	35,130			35,130		35,130		35,130			(2,886)				(2,886)					35,130
			17-495-034-5120-101	33,730			33,730		33,730		33,730			(2,771)				(2,771)					33,730
			17-495-034-5120-101	33,730			33,730		33,730		33,730			(1,285,293)				(1,285,293)					15,645,751
			17-495-034-5120-014	154,483			154,483		154,483		154,483			(12,989)				(12,989)					154,483
			17-495-034-5120-014	154,483			154,483		154,483		154,483			(726,851)				(726,851)					691,590
			17-495-034-5120-073	691,590			691,590		691,590		691,590			(6,791)				(6,791)					691,590
			17-495-034-5120-104	6,791			6,791		6,791		6,791			(70,901)				(70,901)					6,791
			17-495-034-5094-003	1,446,244			1,446,244		1,446,244		1,446,244			(1,530,576)				(1,530,576)					1,530,576
			17-495-034-5094-003	1,530,576			1,530,576		1,530,576		1,530,576			(71,559)				(71,559)					71,559
			17-495-034-5094-004	71,559			71,559		71,559		71,559			(2,940,526)				(2,940,526)					2,940,526
			17-495-034-5094-002	2,940,526			2,940,526		2,940,526		2,940,526			(1,945,312)				(1,945,312)					1,945,312
			17-495-034-5094-004	1,945,312			1,945,312		1,945,312		1,945,312			(3,416)				(3,416)					3,416
			17-495-034-5094-004	3,416			3,416		3,416		3,416			(2,017,624)				(2,017,624)					22,989,804
			17-495-034-5120-086	456,097			456,097		456,097		456,097			(7,249)				(7,249)					456,097
			17-495-034-5120-086	(38,361)			(38,361)		(38,361)		(38,361)			(7,249)				(7,249)					468,005
			17-495-034-5120-086	468,005			468,005		468,005		468,005			(19,885)				(19,885)					468,005
			17-495-034-5120-070	19,885			19,885		19,885		19,885			(11,120)				(11,120)					19,885
			17-495-034-5120-064	11,120			11,120		11,120		11,120			(15,375)				(15,375)					15,375
			17-495-034-5120-373	7,511			7,511		7,511		7,511			(15,375)				(15,375)					7,511
			17-495-034-5120-509	15,375			15,375		15,375		15,375			(50,255)				(50,255)					50,255
			17-100-034-5120-067	50,255			50,255		50,255		50,255			(1,971)				(1,971)					50,255
			17-100-034-5120-067	1,971			1,971		1,971		1,971			(914)				(914)					1,971
			17-100-034-5120-067	914			914		914		914			(2,474)				(2,474)					2,474
			17-100-034-5120-067	2,474			2,474		2,474		2,474			(2,474)				(2,474)					2,474
			17-100-034-5120-066	22,664			22,664		22,664		22,664			(2,982)				(2,982)					22,664
			17-100-034-5120-066	22,679			22,679		22,679		22,679			(17,116)				(17,116)					22,679
			17-100-034-5120-066	19,097			19,097		19,097		19,097			(1,260)				(1,260)					19,097
			17-100-034-5120-066	1,260			1,260		1,260		1,260			(884)				(884)					884
			17-100-034-5120-066	884			884		884		884			(41,621)				(41,621)					41,621
			17-100-034-5120-066	(30,350)			(30,350)		(30,350)		(30,350)			(691,609)				(691,609)					691,609
			17-100-034-5120-066	691,609			691,609		691,609		691,609			(181,865)				(181,865)					181,865
			17-100-034-5120-066	181,865			181,865		181,865		181,865			(41,621)				(41,621)					41,621
			17-100-034-5120-066	(20,637)			(20,637)		(20,637)		(20,637)			(51,074)				(51,074)					51,074
			17-100-034-5120-066	51,074			51,074		51,074		51,074			(90,194)				(90,194)					90,194
			17-100-034-5120-066	90,194			90,194		90,194		90,194			(20,637)				(20,637)					20,637
			17-100-034-5120-066	(2,474)			(2,474)		(2,474)		(2,474)			(2,474)				(2,474)					2,474
			17-100-034-5120-066	2,474			2,474		2,474		2,474			(1,428)				(1,428)					1,428
			17-100-034-5120-066	1,428			1,428		1,428		1,428			(21,251)				(21,251)					21,251
			17-100-034-5120-066	21,251			21,251		21,251		21,251			(17,116)				(17,116)					17,116
			17-100-034-5120-066	17,116			17,116		17,116		17,116			(9,187)				(9,187)					9,187
			17-100-034-5120-066	9,187			9,187		9,187		9,187			(20,637)				(20,637)					20,637
			17-100-034-5120-066	(20,637)			(20,637)		(20,637)		(20,637)			(2,474)				(2,474)					2,474
			17-100-034-5120-066	2,474			2,474		2,474		2,474			(90,194)				(90,194)					90,194
			17-100-034-5120-066	90,194			90,194		90,194		90,194			(48,600)				(48,600)					48,600
			17-100-034-5120-066	48,600			48,600		48,600		48,600			(626,546)				(626,546)					626,546
			17-100-034-5120-066	626,546			626,546		626,546		626,546			(181,865)				(181,865)					181,865
			17-100-034-5120-066	181,865			181,865		181,865		181,865			(41,621)				(41,621)					41,621
			17-100-034-5120-066	(41,621)			(41,621)		(41,621)		(41,621)			(756,977)				(756,977)					756,977
			17-100-034-5120-066	756,977			756,977		756,977		756,977			(88,885)				(88,885)					88,885
			17-100-034-5120-066	88,885			88,885		88,885		88,885			(88,885)				(88,885)					88,885

LODI BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Prior Year Reclassification	Repayment of Prior Year Balances	Balance June 30, 2018			Memorandum	
											(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program	17-100-010-3350-023	9/01/16-6/30/17	\$ 16,018	\$ (704)	-	\$ 704	\$ 16,323	-	-	-	\$ (830)	-	-	\$ (830)	\$ 16,323
State School Lunch Program	18-100-010-3350-023	7/01/17-6/30/18	16,323	-	-	15,493	16,323	-	-	-	(830)	-	-	(830)	16,323
Total Enterprise Fund			(704)	-	-	16,197	16,323	-	-	-	(830)	-	-	(830)	16,323
Total State Financial Assistance Subject to Single Audit Determination															
			\$ (2,048,678)	\$ -	\$ -	\$ 23,683,231	\$ 23,851,989	\$ 181,865	\$ 41,621	\$ 8,011	\$ (2,112,792)	\$ 90,194	\$ 20,637	\$ (74,618)	\$ 23,851,989
Less On-Behalf TPAF Pension and Annuity Aid															
TPAF Pension Contribution - NCGI	18-495-034-5094-004	7/01/17-6/30/18				71,359	71,359								71,359
TPAF Pension Contribution	18-495-034-5094-002	7/01/17-6/30/18				2,940,526	2,940,526								2,940,526
TPAF Pension Contribution - Post Retirement	18-495-034-5094-001	7/01/17-6/30/18				1,945,312	1,945,312								1,945,312
TPAF Long Term Disability	18-495-034-5094-004	7/01/17-6/30/18				3,416	3,416								3,416
Subject to Single Audit						4,960,613	4,960,613								4,960,613
Total State Financial Assistance Subject to Major Program Determination															
			\$ (2,048,678)	\$ -	\$ -	\$ 18,722,618	\$ 18,891,376	\$ 181,865	\$ 41,621	\$ 8,011	\$ (2,112,792)	\$ 90,194	\$ 20,637	\$ (74,618)	\$ 18,891,376

**LODI BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 Title 2 U.S. Code of Federal Regulations Part 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 \$42,851 for the general fund and an increase of \$39,631 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	\$ 100,425	\$ 22,946,953	\$ 23,047,378
Special Revenue Fund	1,789,534	613,473	2,403,007
Debt Service Fund		88,885	88,885
Food Service Fund	887,556	16,323	903,879
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 2,777,515</u>	<u>\$ 23,665,634</u>	<u>\$ 26,443,149</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, 2018**

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 \$1,530,576 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$3,011,885, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,945,312 and TPAF Long-Term Disability Insurance in the amount of \$3,416 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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 10 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, 2018**

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>
<u>10.553</u>	<u>181NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>181NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.556</u>	<u>181NJ304N1099</u>	<u>Special Milk Program for Children</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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, 2018**

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)	Name of State Program
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-096	Under Adequacy Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-098	PARCC Readiness
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5094-003	TPAF FICA Reimbursement

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

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, 2018**

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.