

LODI BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Lodi, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Lodi Board of Education

Lodi, New Jersey

For The Fiscal Year Ended June 30, 2019

Prepared by

Business Office

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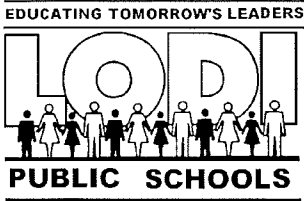
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INTRODUCTORY SECTION



OFFICE OF THE BOARD SECRETARY/BUSINESS ADMINISTRATOR

Robert R. Brown

Lincoln School Building, 8 Hunter Street, P.O. Box 815

Lodi, New Jersey 07644

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

December 12, 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, 2019, 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, 2019.

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.

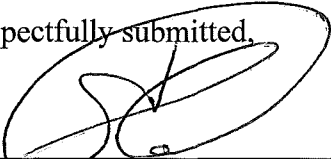
6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions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

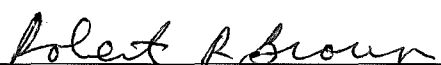
8. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, was selected by the Board of Trustees. In addition to meeting the requirements set forth 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,



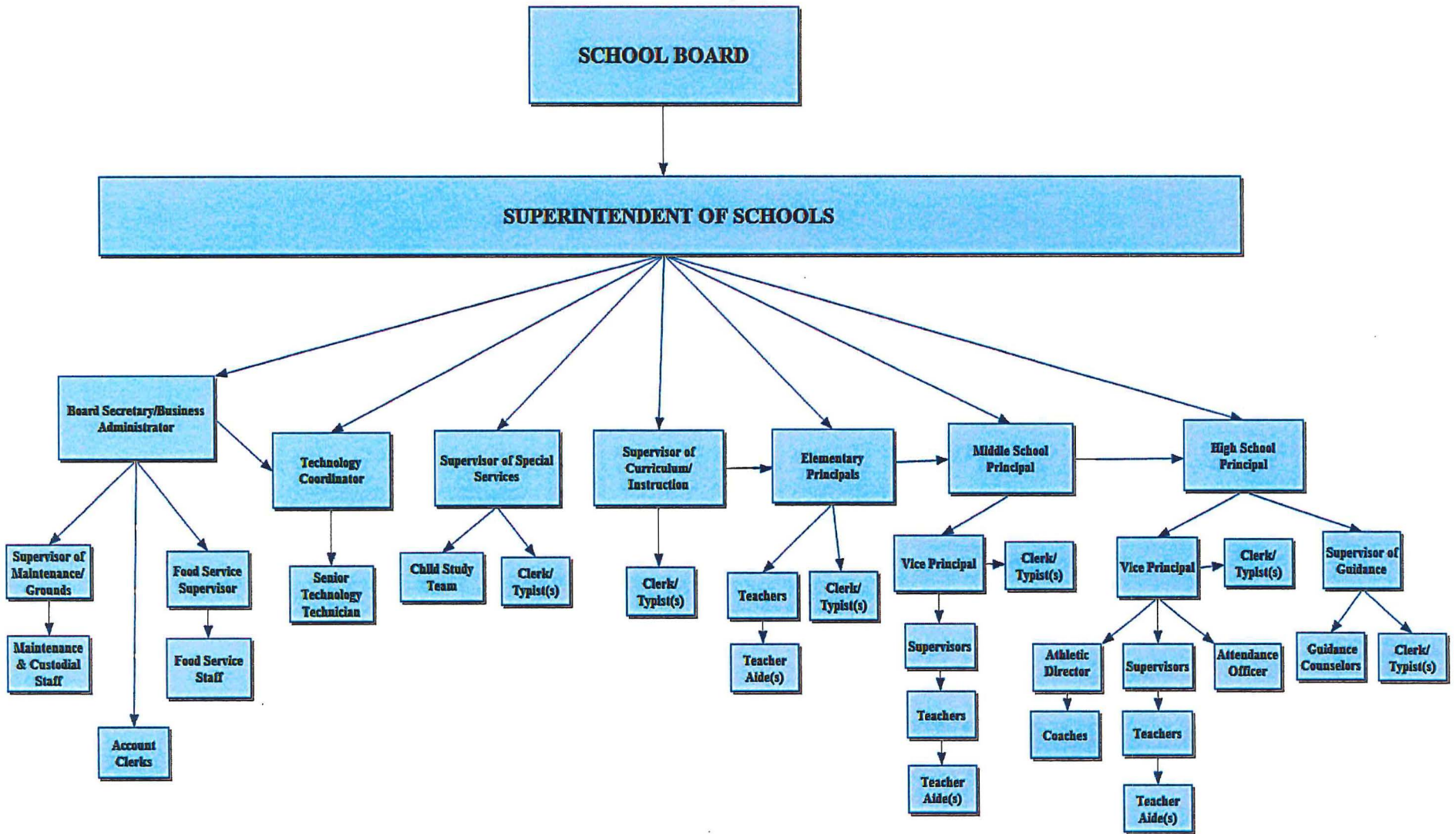
Dr. Douglas J. Petty
Superintendent of Schools



Robert R. Brown
Interim Board Secretary/Business Administrator

Lodi Board of Education Organizational Plan and Flow Chart

A.T.



**LODI BOARD OF EDUCATION
LODI, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ryan Curioni - President	2019
Alfonso Mastrofilipo, Jr. - Vice President	2021
Nancy Cardone	2019
Kerry Anne Mastrofilipo	2019
Joseph Ramos	2021
March Schrieks	2021
Donald Scorzetti	2020
Jeffrey Telep	2020

Other Officials

Frank Quatrone, Superintendent

Robert R. Brown, Interim Board Secretary/Business Administrator

LODI BOARD OF EDUCATION

Consultants & Advisors

June 30, 2019

Independent Audit Firm

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

Attorney

Doug Silvestro
Busch Law Group
Metuchen, NJ

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, 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, 2019 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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

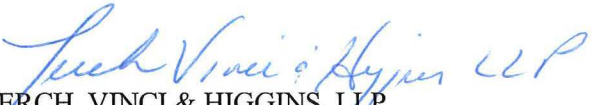
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lodi Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures 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.

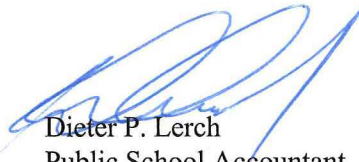
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 12, 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, 2019. 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 2018-2019 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 \$29,047,813.
- Overall district revenues were \$74,803,747. General revenues accounted for \$53,079,596 or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,724,151 or 29% of total revenues.
- The school district had \$75,390,144 in expenses for governmental activities; only \$20,354,018 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$10,548,866.
- The General Fund fund balance (GAAP Basis) at June 30, 2019 was \$8,548,866, a decrease of \$2,030,184 from the June 30, 2018 balance. This decrease is primarily attributable to the utilization of Capital Reserve funds to fund capital projects.

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.

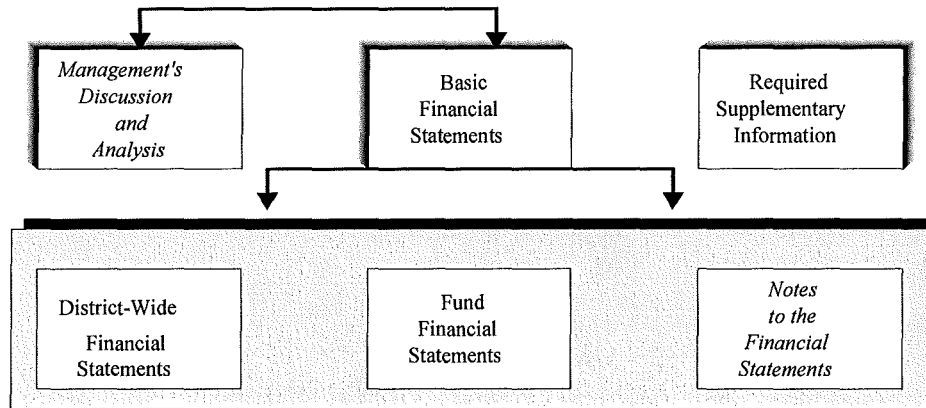
LODI BOARD OF EDUCATION

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 \$29,047,813 as of June 30, 2019.

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, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current Assets	\$ 12,233,297	\$ 13,982,495	\$ 345,392	\$ 321,138	\$ 12,578,689	\$ 14,303,633
Capital Assets	<u>32,574,596</u>	<u>32,941,744</u>	<u>264,446</u>	<u>277,574</u>	<u>32,839,042</u>	<u>33,219,318</u>
Total Assets	<u>44,807,893</u>	<u>46,924,239</u>	<u>609,838</u>	<u>598,712</u>	<u>45,417,731</u>	<u>47,522,951</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	22,001	35,264			22,001	35,264
Deferred Amounts on Net Pension Liability	<u>2,038,499</u>	<u>2,584,298</u>	-	-	<u>2,038,499</u>	<u>2,584,298</u>
Total Assets & Deferred Outflows of Resources	<u>46,868,393</u>	<u>49,543,801</u>	<u>609,838</u>	<u>598,712</u>	<u>47,478,231</u>	<u>50,142,513</u>
Liabilities						
Long-Term Liabilities	13,414,638	15,288,060			13,414,638	15,288,060
Other Liabilities	<u>1,691,256</u>	<u>1,412,983</u>	<u>8,212</u>	<u>10,355</u>	<u>1,699,468</u>	<u>1,423,338</u>
Total Liabilities	<u>15,105,894</u>	<u>16,701,043</u>	<u>8,212</u>	<u>10,355</u>	<u>15,114,106</u>	<u>16,711,398</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			2,310	2,216	2,310	2,216
Deferred Amounts on Net Pension Liability	<u>3,314,002</u>	<u>2,431,658</u>	-	-	<u>3,314,002</u>	-
Total Liabilities & Deferred Inflows of Resources	<u>18,419,896</u>	<u>19,132,701</u>	<u>10,522</u>	<u>12,571</u>	<u>18,430,418</u>	<u>16,713,614</u>
Net Position						
Net Investment in Capital Assets	31,423,228	31,336,608	264,446	277,574	31,687,674	31,614,182
Restricted	5,844,612	7,609,435			5,844,612	7,609,435
Unrestricted (Deficit)	<u>(8,819,343)</u>	<u>(8,534,943)</u>	<u>334,870</u>	<u>308,567</u>	<u>(8,484,473)</u>	<u>(8,226,376)</u>
Total Net Position	<u>\$ 28,448,497</u>	<u>\$ 30,411,100</u>	<u>\$ 599,316</u>	<u>\$ 586,141</u>	<u>\$ 29,047,813</u>	<u>\$ 30,997,241</u>

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

Change in Net Position

For The Fiscal Years Ended June 30, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 29,129	\$ 27,473	\$ 455,218	\$ 445,558	\$ 484,347	\$ 473,031
Operating Grants and Contributions	20,324,889	20,846,446	914,915	903,879	21,239,804	21,750,325
General Revenues						
Property Taxes	38,707,933	38,452,529			38,707,933	38,452,529
State and Federal Aid	13,778,053	13,272,916			13,778,053	13,272,916
Other	587,537	524,914	6,073	1,257	593,610	526,171
Donations	-	-	-	-	-	-
Total Revenues/Donations	<u>73,427,541</u>	<u>73,124,278</u>	<u>1,376,206</u>	<u>1,350,694</u>	<u>74,803,747</u>	<u>74,474,972</u>
Expenses						
Instruction						
Regular	29,453,412	28,962,892			29,453,412	28,962,892
Special Education	17,405,573	16,579,747			17,405,573	16,579,747
Other	2,442,385	2,236,311			2,442,385	2,236,311
School Sponsored Activities and Athletics	1,067,194	1,100,422			1,067,194	1,100,422
Community Services	645	1,288			645	1,288
Support Services						
Student and Instruction Related Services	9,229,405	9,086,831			9,229,405	9,086,831
General Administration	1,143,295	1,268,041			1,143,295	1,268,041
School Administration	4,094,029	4,329,762			4,094,029	4,329,762
Plant Operations and Maintenance	6,596,646	6,533,146			6,596,646	6,533,146
Student Transportation	2,613,351	2,373,251			2,613,351	2,373,251
Business Services	1,307,640	1,252,422			1,307,640	1,252,422
Interest on Long Term Debt and Other Chgs	36,569	81,012			36,569	81,012
Loss on Disposal of Capital Assets		6,451			-	6,451
Food Services	-	-	1,363,031	1,374,423	1,363,031	1,374,423
Total Expenses	<u>75,390,144</u>	<u>73,811,576</u>	<u>1,363,031</u>	<u>1,374,423</u>	<u>76,753,175</u>	<u>75,185,999</u>
Net Change in Net Position	(1,962,603)	(687,298)	13,175	(23,729)	(1,949,428)	(711,027)
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 28,448,497</u>	<u>\$ 30,411,100</u>	<u>\$ 599,316</u>	<u>\$ 586,141</u>	<u>\$ 29,047,813</u>	<u>\$ 30,997,241</u>

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$73,427,541 for the fiscal year ended June 30, 2019. Property taxes of \$38,707,933 represented 53 percent of revenues. Another significant portion of revenues came from Government aid; total State, Federal, Local Aid was \$34,102,942. 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 and tuition from State of NJ.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

The total cost of all governmental activities programs and services was \$75,390,144. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$50,369,209 (67%) of total expenditures. Student support services, exclusive of administration, total \$18,439,402 or (24%) of total expenditures.

Total governmental activities expenses surpassed revenues decreasing net position by \$1,962,603 from the previous year.

Net Cost of Governmental Activities. The District's total cost of services was \$75,390,144. After applying program revenues, charges for services of \$29,129; and operating grants and contributions of \$20,324,889; the net cost of services of the District is \$55,036,126.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 29,453,412	\$ 28,962,892	\$ 20,629,111	\$ 18,829,056
Special Education	17,405,573	16,579,747	11,845,213	11,328,739
Other Instruction	2,442,385	2,236,311	1,594,538	1,404,713
School Sponsored Activities and Athletics	1,067,194	1,100,422	1,020,148	746,405
Community Services	645	1,288	645	1,288
Support Services				
Student and Instruction Related Services	9,229,405	9,086,831	7,025,658	6,944,731
General Administrative Services	1,143,295	1,268,041	1,110,870	1,106,804
School Administrative Services	4,094,029	4,329,762	3,249,464	3,237,167
Plant Operations and Maintenance	6,596,646	6,533,146	5,506,242	5,982,585
Pupil Transportation	2,613,351	2,373,251	1,985,813	2,218,470
Business Services	1,307,640	1,252,422	1,037,026	1,050,236
Interest on Long-Term Debt and Other Chgs	36,569	81,012	31,398	81,012
	<u>\$ 75,390,144</u>	<u>\$ 73,805,125</u>	<u>\$ 55,036,126</u>	<u>\$ 52,931,206</u>
Total				

Business-Type Activities – The District's total business-type activities revenues were \$1,376,206 for the fiscal year ended June 30, 2019. Charges for services accounted for 33% of total revenues. Operating grants and contributions accounted for 66% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,363,031. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities revenues surpassed expenses increasing net position by \$13,175 from the prior year balance.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$10,548,866. At June 30, 2018, the fund balance was \$12,579,050.

Revenues for the District's governmental funds were \$67,848,558, while total expenses were \$69,878,742.

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, 2019	June 30, 2018		
Local Sources				
Property Tax Levy	\$ 38,305,777	\$ 38,088,819	\$ 216,958	0.6%
Tuition	29,129	27,473	1,656	6.0%
Miscellaneous	545,019	524,203	20,816	4.0%
State Sources	25,789,895	22,946,953	2,842,942	12.4%
Federal Sources	150,063	100,425	49,638	49.4%
Total General Fund Revenues	<u>\$ 64,819,883</u>	<u>\$ 61,687,873</u>	<u>\$ 3,132,010</u>	5.1%

Total General Fund Revenues increased by \$3,132,010 or 5% over the previous year.

Local property taxes increased less than 1% from 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.

	<u>Fiscal Year Ended</u>		Increase (Decrease)	Percentage Change
	<u>June 30, 2019</u>	<u>June 30, 2018</u>		
Instruction	\$ 43,910,244	\$ 40,108,498	\$ 3,801,746	9.5%
Support Services	21,531,352	20,408,694	1,122,658	5.5%
Debt Service		33,244	(33,244)	-100.0%
Capital Outlay	<u>1,316,802</u>	<u>402,281</u>	<u>914,521</u>	227.3%
Total Expenditures	<u>\$ 66,758,398</u>	<u>\$ 60,952,717</u>	<u>\$ 5,805,681</u>	9.5%

Total General Fund expenditures increased \$5,805,681 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2018/2019 school year and the state on-behalf TPAF pension contributions.

In 2018-2019 General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$2,030,184. As a result, total fund balance decreased to \$8,548,866 at June 30, 2019. After deducting restricted, committed and assigned fund balances, the unassigned fund balance deficit at June 30, 2019 is \$1,212,067. The deficit is attributable to the timing differences in the recognition of state aid payments. State aid payments delayed until July 2019 totaled \$2,755,561. The District's unassigned fund balance (budgetary basis) is \$1,543,494.

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 \$2,493,107 for the fiscal year ended June 30, 2019. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 73% of the total revenue for the year. The General Fund contributed \$134,187 towards preschool education programs.

Expenditures of the Special Revenue Fund were \$2,627,294. Instructional expenditures were \$2,463,427 and support services expenditures were \$163,867.

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, 2018 encumbrances).
- Appropriation of additional State Aid.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2019 amounts to \$32,839,042 (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 2018-2019 amounted to \$1,683,950 for governmental activities and \$17,164 for business-type activities.

Capital Assets at June 30, 2019 and 2018
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and Site Improvements	\$ 8,741,081	\$ 8,812,763			\$ 8,741,081	\$ 8,812,763
Building and Building Improvements	21,997,720	23,150,615			21,997,720	23,150,615
Machinery and Equipment	437,488	446,558	\$ 264,446	\$ 277,574	701,934	724,132
Construction in Progress	<u>1,398,307</u>	<u>531,808</u>	-	-	<u>1,398,307</u>	<u>531,808</u>
Total Capital Assets (Net)	<u>\$ 32,574,596</u>	<u>\$ 32,941,744</u>	<u>\$ 264,446</u>	<u>\$ 277,574</u>	<u>\$ 32,839,042</u>	<u>\$ 33,219,318</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 \$2,900,465, lease purchase obligations of \$1,170,000, and net pension liability for the Public Employees' Retirement System of \$9,340,804.

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

Outstanding Long-Term Liabilities

	<u>2019</u>	<u>2018</u>
Obligations Under Lease Purchase	\$ 1,170,000	\$ 1,635,000
Net Pension Liability	9,340,804	10,714,702
Compensated Absences	<u>2,900,465</u>	<u>2,932,958</u>
Total Long-Term Liabilities	<u>\$ 13,411,269</u>	<u>\$ 15,282,660</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 2019-2020 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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 11,728,152	\$ 169,213	\$ 11,897,365
Receivables, net			
Receivables from Other Governments	384,869	136,746	521,615
Other	120,276		120,276
Inventory		39,433	39,433
Capital Assets			
Not Being Depreciated	9,390,012		9,390,012
Being Depreciated, Net	<u>23,184,584</u>	<u>264,446</u>	<u>23,449,030</u>
Total Assets	<u>44,807,893</u>	<u>609,838</u>	<u>45,417,731</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	22,001		22,001
Deferred Amounts on Net Pension Liability	<u>2,038,499</u>	<u>-</u>	<u>2,038,499</u>
Total Deferred Outflows of Resources	<u>2,060,500</u>	<u>-</u>	<u>2,060,500</u>
Total Assets and Deferred Outflows of Resources	<u>46,868,393</u>	<u>609,838</u>	<u>47,478,231</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,619,525	8,212	1,627,737
Payable to State Government	23,399		23,399
Accrued Interest Payable	6,825		6,825
Unearned Revenue	41,507		41,507
Noncurrent Liabilities			
Due Within One Year	615,000		615,000
Due Beyond One Year	<u>12,799,638</u>	<u>-</u>	<u>12,799,638</u>
Total Liabilities	<u>15,105,894</u>	<u>8,212</u>	<u>15,114,106</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		2,310	2,310
Deferred Amounts on Net Pension Liability	<u>3,314,002</u>	<u>-</u>	<u>3,314,002</u>
Total Deferred Inflows of Resources	<u>3,314,002</u>	<u>2,310</u>	<u>3,316,312</u>
Total Liabilities and Deferred Inflows of Resources	<u>18,419,896</u>	<u>10,522</u>	<u>18,430,418</u>
NET POSITION			
Net Investment in Capital Assets	31,423,228	264,446	31,687,674
Restricted for:			
Capital Projects	5,844,612		5,844,612
Unrestricted	<u>(8,819,343)</u>	<u>334,870</u>	<u>(8,484,473)</u>
Total Net Position	<u>\$ 28,448,497</u>	<u>\$ 599,316</u>	<u>\$ 29,047,813</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, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</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>	
Governmental Activities							
Instruction							
Regular	\$ 29,453,412	\$ 29,129	\$ 8,795,172		\$ (20,629,111)		\$ (20,629,111)
Special Education	17,405,573		5,560,360		(11,845,213)		(11,845,213)
Other Instruction	2,442,385		847,847		(1,594,538)		(1,594,538)
School Sponsored Activities and Athletics	1,067,194		47,046		(1,020,148)		(1,020,148)
Community Services	645				(645)		(645)
Support Services							
Student and Instruction Related Services	9,229,405		2,203,747		(7,025,658)		(7,025,658)
General Administrative Services	1,143,295		32,425		(1,110,870)		(1,110,870)
School Administrative Services	4,094,029		844,565		(3,249,464)		(3,249,464)
Plant Operations and Maintenance	6,596,646		1,090,404		(5,506,242)		(5,506,242)
Pupil Transportation	2,613,351		627,538		(1,985,813)		(1,985,813)
Business Services	1,307,640		270,614		(1,037,026)		(1,037,026)
Interest on Long-Term Debt and Other Charges	36,569	-	5,171	-	(31,398)	-	(31,398)
Total Governmental Activities	75,390,144	29,129	20,324,889	-	(55,036,126)	-	(55,036,126)
Business-Type Activities							
Food Service	1,363,031	455,218	914,915	-	-	\$ 7,102	7,102
Total Business-Type Activities	1,363,031	455,218	914,915	-	-	7,102	7,102
Total Primary Government	\$ 76,753,175	\$ 484,347	\$ 21,239,804	\$ -	(55,036,126)	7,102	(55,029,024)

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, 2019**

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, Carry Forward	\$ (55,036,126)	\$ 7,102	\$ (55,029,024)
General Revenues			
Property Taxes Levied for General Purposes	38,305,777		38,305,777
Property Taxes Levied for Debt Service	402,156		402,156
State Aid - Restricted for Debt Service	85,723		85,723
State Aid - Unrestricted	13,692,330		13,692,330
Miscellaneous Income	<u>587,537</u>	<u>6,073</u>	<u>593,610</u>
Total General Revenues	<u>53,073,523</u>	<u>6,073</u>	<u>53,079,596</u>
Change in Net Position	(1,962,603)	13,175	(1,949,428)
Net Position, Beginning of Year	<u>30,411,100</u>	<u>586,141</u>	<u>30,997,241</u>
Net Position, End of Year	<u>\$ 28,448,497</u>	<u>\$ 599,316</u>	<u>\$ 29,047,813</u>

FUND FINANCIAL STATEMENTS

**LODI BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

	<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	\$ 9,673,615	\$ 12,019	\$ 2,042,518		\$ 11,728,152
Receivables from Other Governments	89,337	295,532			384,869
Other Receivables	108,754				108,754
Due From Other Funds	54,040	-	-	-	54,040
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 9,925,746</u>	<u>\$ 307,551</u>	<u>\$ 2,042,518</u>	<u>\$ -</u>	<u>\$ 12,275,815</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1,073,475	\$ 242,645			1,316,120
Accrued Salaries and Wages	303,405				303,405
Due To Other Funds			\$ 42,518		42,518
Payables to Other Governments		23,399			23,399
Unearned Revenue	-	41,507	-	-	41,507
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,376,880</u>	<u>307,551</u>	<u>42,518</u>	<u>-</u>	<u>1,726,949</u>
Fund Balances					
Restricted					
Capital Reserve	3,752,612				3,752,612
Capital Reserve Designated for Subsequent Year's (2019/20) Budget	92,000				92,000
Emergency Reserve	415,415				415,415
Excess Surplus	1,536,229				1,536,229
Excess Surplus - Designated for Subsequent Year's (2019/20) Budget	1,382,571				1,382,571
Capital Projects			2,000,000		2,000,000
Committed					
Encumbrances	2,073,863				2,073,863
Assigned					
Encumbrances	52,054				52,054
Designated for Subsequent Year's (2019/20) Budget	456,189				
Unassigned	(1,212,067)	-	-	-	(1,212,067)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>8,548,866</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>10,548,866</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 9,925,746</u>	<u>\$ 307,551</u>	<u>\$ 2,042,518</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 \$69,869,858 and the accumulated depreciation is \$37,295,262. 32,574,596

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (6,825)

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 22,001

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)	\$ 1,173,369	
Compensated Absences Payable	2,900,465	
Net Pension Liability	9,340,804	
Deferred Amounts on Net Pension Liability		
Deferred Outflows	(2,038,499)	
Deferred Inflows	3,314,002	
	<hr/>	<u>(14,690,141)</u>
		<u>\$ 28,448,497</u>

**LODI BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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	\$ 38,305,777			\$ 402,156	\$ 38,707,933
Tuition	29,129				29,129
Interest on Capital Reserve Funds	64,478				64,478
Interest on Emergency Reserve	8,647				8,647
Interest	219,993		\$ 42,518		262,511
Miscellaneous	251,901	\$ 1,996	-	-	253,897
Total - Local Sources	38,879,925	1,996	42,518	402,156	39,326,595
State Sources	25,789,895	680,338		90,894	26,561,127
Federal Sources	150,063	1,810,773	-	-	1,960,836
Total Revenues	64,819,883	2,493,107	42,518	493,050	67,848,558
EXPENDITURES					
Current					
Instruction					
Regular Instruction	24,763,838	1,581,197			26,345,035
Special Education Instruction	16,107,933	779,082			16,887,015
Other Instruction	2,024,328	103,148			2,127,476
School Sponsored Activities and Athletics	1,013,500				1,013,500
Community Services	645				645
Support Services					
Student and Instruction Related Services	8,190,887	163,867			8,354,754
General Administrative Services	1,105,996				1,105,996
School Administrative Services	3,678,101				3,678,101
Plant Operations and Maintenance	4,766,108				4,766,108
Pupil Transportation	2,613,351				2,613,351
Business Services	1,176,909				1,176,909
Debt Service					
Principal				465,000	465,000
Interest and Other Charges				28,050	28,050
Capital Outlay	1,316,802	-	-	-	1,316,802
Total Expenditures	66,758,398	2,627,294	-	493,050	69,878,742
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,938,515)	(134,187)	42,518	-	(2,030,184)
OTHER FINANCING SOURCES (USES)					
Transfers In	42,518	134,187			176,705
Transfers Out	(134,187)	-	(42,518)	-	(176,705)
Total Other Financing Sources (Uses)	(91,669)	134,187	(42,518)	-	-
Net Change in Fund Balances	(2,030,184)	-	-	-	(2,030,184)
Fund Balance, Beginning of Year	10,579,050	-	2,000,000	-	12,579,050
Fund Balance, End of Year	\$ 8,548,866	\$ -	\$ 2,000,000	\$ -	\$ 10,548,866

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, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (2,030,184)

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

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

Capital Outlay	\$ 1,316,802	
Depreciation Expense	<u>(1,683,950)</u>	(367,148)

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):

Decrease in Compensated Absences		32,493
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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		465,000
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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	2,031	
Amortization of Deferred Amount on Refunding of Debt	<u>(13,263)</u>	(11,232)

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		(54,245)
--	--	----------

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>2,713</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (1,962,603)**

**LODI BOARD OF EDUCATION
 PROPRIETARY FUNDS
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

ASSETS

Current Assets

Cash	\$ 169,213
Intergovernmental Accounts Receivable	
State	2,713
Federal	134,033
Inventory	<u>39,433</u>
 Total Current Assets	 <u>345,392</u>

Capital Assets:

Machinery and Equipment	680,792
Less: Accumulated Depreciation	<u>(416,346)</u>
 Total Capital Assets, Net	 <u>264,446</u>
 Total Assets	 <u>609,838</u>

LIABILITIES

Current Liabilities

Accounts Payable	<u>8,212</u>
 Total Current Liabilities	 <u>8,212</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Commodities Revenue	<u>2,310</u>
 Total Deferred Inflows of Resources	 <u>2,310</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>10,522</u>

NET POSITION

Investment in Capital Assets	264,446
Unrestricted	<u>334,870</u>
 Total Net Position	 <u>\$ 599,316</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, 2019**

OPERATING REVENUES

Charges for Services	
Daily Sales	
Reimbursable Programs	\$ 245,479
Non-Reimbursable Programs	206,070
Other Sales	<u>3,669</u>
 Total Operating Revenues	 <u>455,218</u>

OPERATING EXPENSES

Cost of Sales	
Reimbursable Programs	535,947
Non-Reimbursable Programs	84,356
Salaries and Wages	451,160
Employee Benefits	32,536
Management Fee	58,662
Other Expenses	129,339
Supplies and Materials	53,867
Depreciation	<u>17,164</u>
 Total Operating Expenses	 <u>1,363,031</u>

Operating Income (Loss)	<u>(907,813)</u>
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NONOPERATING REVENUES (EXPENSES)

Local Sources	
Interest Earned	6,073
State Sources	
State School Lunch Program	16,245
Federal Sources	
National School Lunch Program	743,310
Food Distribution Program (USDA Commodities)	99,159
School Breakfast Program	55,243
Special Milk Program	<u>958</u>
 Total Nonoperating Revenues	 <u>920,988</u>

Change in Net Position	13,175
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Net Position, Beginning of Year	<u>586,141</u>
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Net Position, End of Year	<u>\$ 599,316</u>
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The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**LODI BOARD OF EDUCATION
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 455,218
Payments for Employees Salaries and Benefits	(483,696)
Payments to Suppliers	<u>(761,835)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(790,313)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State and Federal Reimbursements	<u>719,582</u>
Net Cash Provided By Non-Capital Financing Activities	<u>719,582</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	<u>6,073</u>
Net Cash Provided By Investing Activities	<u>6,073</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of Capital Assets	<u>(4,036)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(4,036)</u>

Net Change in Cash and Cash Equivalents	(68,694)
Cash, Beginning of Year	<u>237,907</u>
Cash, End of Year	<u>\$ 169,213</u>

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

Operating Income (Loss)	<u>\$ (907,813)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Noncash Federal Assistance - Food Distribution Program	99,159
Depreciation Expense	17,164
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase) Decrease in Accounts Receivable	
(Increase) Decrease in Inventories	3,226
Increase (Decrease) in Accounts Payable	(2,143)
Increase (Decrease) in Deferred Commodities Revenue	<u>94</u>
Total Adjustments	<u>117,500</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (790,313)</u>
Non-Cash Financing Activities	
Fair Value of Food Distribution Program - National School Lunch	\$ 99,253

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, 2019**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ <u>116,879</u>
Total Assets	\$ <u>116,879</u>
LIABILITIES	
Due to Student Groups	\$ 93,797
Payroll Deductions and Other Liabilities	11,560
Due to Other Funds	<u>11,522</u>
Total Liabilities	\$ <u>116,879</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, 2019**

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 2019, the District adopted the following GASB statement:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 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.

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.

LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

The District reports the following major proprietary fund which is 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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.

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 and proprietary fund types in the fund 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.

LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Pensions (Continued)*

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.

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

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

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 2019/2020 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 2D).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 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, 2018 audited excess surplus that was appropriated in the 2019/2020 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.

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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*

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.

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 2017-2018 and 2018-2019 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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.

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 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$2,685,758. The increase was funded 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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.

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,212,067 in the General Fund as of June 30, 2019 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 2018/2019 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, 2019.

C. Capital Reserve

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

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

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$ 5,609,435
Increased by		
Interest Earnings	\$ 64,478	
Unexpended Project Balances Restored to Capital Reserve	<u>2,632,742</u>	
Total Increases		<u>2,697,220</u>
		8,306,655
Decreased by		
Withdrawals Approved in District Budget		<u>4,462,043</u>
Balance, June 30, 2019		<u>\$ 3,844,612</u>
Designated for Subsequent Year's (2019/20) Budget Available for Future Capital Projects		\$ 92,000
		<u>3,752,612</u>
		<u>\$ 3,844,612</u>

D. Emergency Reserve

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

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent 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, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve (Continued)

The activity of the emergency reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 406,768
Increased by	
Interest Earnings	<u>8,647</u>
Balance, June 30, 2019	<u>\$ 415,415</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2019 is \$2,918,800. Of this amount, \$1,382,571 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$1,536,229 will be appropriated in the 2020/2021 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, 2019**

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, 2019, the book value of the Board's deposits were \$12,014,244 and bank and brokerage firm balances of the Board's deposits amounted to \$15,658,825. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	<u>\$ 15,658,825</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, 2019 none of the Board's bank balances were 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, 2019, 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, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 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		\$ 295,532	\$ 134,033	\$ 429,565
State	\$ 73,296		2,713	76,009
State-Tuition	16,041			16,041
Other	<u>108,754</u>	-	-	<u>108,754</u>
Gross Receivables	198,091	295,532	136,746	630,369
Less: Allowance for				
Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 198,091</u>	<u>\$ 295,532</u>	<u>\$ 136,746</u>	<u>\$ 630,369</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	\$ 38,795
Grant Draw Downs Reserved for Encumbrances	<u>2,712</u>
	<u>\$ 41,507</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2019</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,991,705			\$ 7,991,705
Construction in Progress	531,808	\$ 866,499	-	1,398,307
Total Capital Assets, Not Being Depreciated	<u>8,523,513</u>	<u>866,499</u>	<u>-</u>	<u>9,390,012</u>
Capital Assets, Being Depreciated:				
Site Improvements	1,624,742	8,942		1,633,684
Building Improvements	56,890,980	371,017		57,261,997
Machinery and Equipment	1,524,824	70,344	\$ (11,003)	1,584,165
Total Capital Assets Being Depreciated	<u>60,040,546</u>	<u>450,303</u>	<u>(11,003)</u>	<u>60,479,846</u>
Less Accumulated Depreciation for:				
Site Improvements	(803,684)	(80,624)		(884,308)
Building Improvements	(33,740,365)	(1,523,912)		(35,264,277)
Machinery and Equipment	(1,078,266)	(79,414)	11,003	(1,146,677)
Total Accumulated Depreciation	<u>(35,622,315)</u>	<u>(1,683,950)</u>	<u>11,003</u>	<u>(37,295,262)</u>
Total Capital Assets, Being Depreciated, net	<u>24,418,231</u>	<u>(1,233,647)</u>	<u>-</u>	<u>23,184,584</u>
Governmental Activities Capital Assets, net	<u>\$ 32,941,744</u>	<u>\$ (367,148)</u>	<u>\$ -</u>	<u>\$ 32,574,596</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2019</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 676,756	\$ 4,036	-	\$ 680,792
Total Capital Assets Being Depreciated	<u>676,756</u>	<u>4,036</u>	-	<u>680,792</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(399,182)	(17,164)	-	(416,346)
Total Accumulated Depreciation	<u>(399,182)</u>	<u>(17,164)</u>	-	<u>(416,346)</u>
Total Capital Assets, Being Depreciated, net	<u>277,574</u>	<u>(13,128)</u>	-	<u>264,446</u>
Business-Type Activities Capital Assets, net	<u>\$ 277,574</u>	<u>\$ (13,128)</u>	<u>\$ -</u>	<u>\$ 264,446</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 Administrative Services		542
School Administrative Services		181
Plant Operations and Maintenance		1,681,422
Business Services		90
Total Support Services		<u>1,682,416</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,683,950</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 17,164</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019:

<u>Project</u>	<u>Remaining Commitment</u>
Sprinkler Project - Hilltop School	\$ 179,000
Door Replacement - Jefferson Middle School	89,500
Lavatory Renovations - Jefferson Middle School	230,056
Science Lab Renovations - High School	<u>1,146,000</u>
	<u>\$ 1,644,556</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 42,518
General Fund	Payroll Agency Fund	<u>11,522</u>
		<u>\$ 54,040</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.

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>Total</u>
Transfer Out:			
General Fund		\$ 134,187	\$ 134,187
Capital Projects Fund	\$ 42,518	-	<u>42,518</u>
	<u>\$ 42,518</u>	<u>\$ 134,187</u>	<u>\$ 176,705</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, 2019**

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, 2019 were \$27,513. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending June 30	<u>Amount</u>
2020	\$ 24,283
2021	24,283
2022	24,283
2023	24,011
2024	<u>7,550</u>
	<u>\$ 104,410</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:

Fiscal Year Ending June 30,	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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>\$ 1,170,000</u>	<u>\$ 30,300</u>	<u>\$ 1,200,300</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, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 90,592,199
Less: Net Debt Issued	<u>-</u>
Remaining Borrowing Power	<u>\$ 90,592,199</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, was as follows:

	Balance			Balance	Due
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities:					
Obligations Under Lease					
Purchase Agreements	\$ 1,635,000		\$ 465,000	\$ 1,170,000	\$ 465,000
Add: Unamortized Premium	5,400	-	2,031	3,369	-
	1,640,400		467,031	1,173,369	465,000
Net Pension Liability	10,714,702		1,373,898	9,340,804	
Compensated Absence Payable	2,932,958	\$ 102,507	135,000	2,900,465	150,000
Governmental Activity					
Long-Term Liabilities	<u>\$ 15,288,060</u>	<u>\$ 102,507</u>	<u>\$ 1,975,929</u>	<u>\$ 13,414,638</u>	<u>\$ 615,000</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 fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund 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, 2019**

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, 2019, 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, 2019, 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 Board employees who are eligible for pension coverage:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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, 2019**

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 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. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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, 2019**

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 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 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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, 2019**

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 471,880	\$ 3,816,281	\$ 15,590
2018	426,405	3,011,885	6,858
2017	409,472	2,306,480	5,525

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$2,829, \$8,060 and \$3,228, respectively for PERS and the State contributed \$3,438, \$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 \$1,506,879 during the fiscal year ended June 30, 2019 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. 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 measurement period July 1, 2017 through June 30, 2018. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense 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, 2019**

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 (sub) 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, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$9,340,804 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .04744 percent, which was an increase of .00141 percent from its proportionate share measured as of June 30, 2017 of .04603 percent.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$526,125 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, 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	\$ 178,131	\$ 48,164
Changes of Assumptions	1,539,210	2,986,692
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		87,617
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>321,158</u>	<u>191,529</u>
Total	<u>\$ 2,038,499</u>	<u>\$ 3,314,002</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2020	\$ 67,964
2021	(98,937)
2022	(606,201)
2023	(495,580)
2024	(142,749)
Thereafter	<u>-</u>
	<u>\$ (1,275,503)</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2046

Municipal Bond Rate * From July 1, 2046
and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 11,744,985</u>	<u>\$ 9,340,804</u>	<u>\$ 7,323,850</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30 2018 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report 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, 2019**

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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,405,389 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$127,029,727. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the state's share of the net pension liability attributable to the District was .19967 percent, which was a decrease of .00539 percent from its proportionate share measured as of June 30, 2017 of .20506 percent.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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, 2019**

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:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 150,146,725</u>	<u>\$ 127,029,727</u>	<u>\$ 107,866,299</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 for the fiscal year ended June 30, 2018. 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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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, 2019**

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, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$1,731,059, \$1,945,312 and \$1,921,823, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,720,934. 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, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$86,679,818. 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, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was 0.19 percent, which was unchanged from its proportionate share measured as of June 30, 2017 of 0.19 percent.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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 Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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.

The actuarial assumptions used in the June 30, 2017 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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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.

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, 2018.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

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>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>100,300,019</u>
Changes Recognized for the Fiscal Year:	
Service Cost	3,415,711
Interest on the Total OPEB Liability	3,673,321
Differences Between Expected and Actual Experiences	(8,524,609)
Changes of Assumptions	(9,946,943)
Gross Benefit Payments	(2,317,787)
Contributions from the Member	80,106
Net Changes	<u>\$ (13,620,201)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>86,679,818</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 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 3.87%, 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>102,473,190</u>	\$ <u>86,679,818</u>	\$ <u>74,125,718</u>

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>71,645,918</u>	\$ <u>86,679,818</u>	\$ <u>106,562,726</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 39,509,273	\$ (1,203,496)	\$ 38,305,777	\$ 38,305,777	
Tuition - Other LEAs				13,088	\$ 13,088
Tuition - Other Sources				16,041	16,041
Interest Earned on Capital Reserve	75,000		75,000	64,478	(10,522)
Interest on Emergency Reserve	4,000		4,000	8,647	4,647
Interest				219,993	219,993
Unrestricted Miscellaneous Revenues	104,993	-	104,993	251,901	146,908
Total Revenues - Local Sources	39,693,266	(1,203,496)	38,489,770	38,879,925	390,155
State Sources					
Equalization Aid	13,086,190	738,686	13,824,876	13,824,876	
Transportation Aid	674,487		674,487	674,487	
Special Education Aid	2,123,388	712,128	2,835,516	2,835,516	
Security Aid	706,181	322,682	1,028,863	1,028,863	
Professional Learning Community Aid					
Extraordinary Aid - 2018/19	785,000		785,000	1,131,795	346,795
Extraordinary Aid - 2017/18				2,688	2,688
On-Behalf TPAF (Non-Budgeted)					
Pension				3,738,034	3,738,034
NCGI Premium				78,247	78,247
Post Retirement Medical				1,731,059	1,731,059
Long Term Disability				3,438	3,438
Social Security Contributions	-	-	-	1,506,879	1,506,879
Total State Sources	17,375,246	1,773,496	19,148,742	26,555,882	7,407,140
Federal Sources					
Medicaid - MAC				13,122	13,122
Medicaid Reimbursement - SEMI	77,587	-	77,587	136,941	59,354
Total Federal Sources	77,587	-	77,587	150,063	72,476
Total Revenues	57,146,099	570,000	57,716,099	65,585,870	7,869,771
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Kindergarten	927,113	(115,451)	811,662	753,137	58,525
Grades 1 - 5	4,605,384	83,965	4,689,349	4,595,102	94,247
Grades 6 - 8	3,104,190	28,706	3,132,896	3,117,568	15,328
Grades 9 - 12	4,017,208	(88,702)	3,928,506	3,833,723	94,783
Regular Programs - Home Instruction:					
Salaries of Teachers	44,485		44,485	34,475	10,010
Purchased Professional-Educational Services		200	200	130	70
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	84,392	(20,377)	64,015	39,946	24,069
Purchased Professional-Educational Services	67,775	68,119	135,894	135,172	722
Purchased Technical Services	22,500	(4,100)	18,400	17,684	716
Other Purchased Services	206,937	19,400	226,337	216,848	9,489
General Supplies	522,878	181,776	704,654	668,657	35,997
Textbooks	238,248	207,127	445,375	409,152	36,223
Other Objects	800	1,600	2,400	2,330	70
Total Instruction Regular Programs	13,841,910	362,263	14,204,173	13,823,924	380,249
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	540,301	(14,892)	525,409	427,153	98,256
Other Salaries for Instruction	160,411	19,900	180,311	166,272	14,039
General Supplies	24,500	146	24,646	15,988	8,658
Textbooks	2,000	(100)	1,900	435	1,465
Total Learning/Language Disabilities	727,212	5,054	732,266	609,848	122,418

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,613,887	\$ (52,229)	\$ 1,561,658	\$ 1,507,589	\$ 54,069
Other Salaries for Instruction	195,945	8,094	204,039	199,100	4,939
Other Purchased Services	1,536		1,536	792	744
General Supplies	9,500	(1,868)	7,632	6,974	658
Textbooks	4,600	(2,500)	2,100	-	2,100
Total Resource Room/Resource Center	1,825,468	(48,503)	1,776,965	1,714,455	62,510
Home Instruction					
Purchased Professional - Educations Services	31,469	5,850	37,319	16,908	20,411
Total Home Instruction	31,469	5,850	37,319	16,908	20,411
Total Special Education	2,584,149	(37,599)	2,546,550	2,341,211	205,339
Basic Skills/Remedial					
Salaries of Teachers	839,373	(99,500)	739,873	735,850	4,023
Total Basic Skills/Remedial	839,373	(99,500)	739,873	735,850	4,023
Bilingual Education					
Salaries of Teachers	542,078	(21,000)	521,078	518,187	2,891
Other Purchased Services	200		200	-	200
Textbooks	300	-	300	-	300
Total Bilingual Education	542,578	(21,000)	521,578	518,187	3,391
School Sponsored Co-Curricular Activities					
Salaries of Teachers	183,730	37,410	221,140	212,908	8,232
Purchased Services	257		257	-	257
Supplies and Materials	4,958	810	5,768	5,662	106
Other Objects	1,955	110	2,065	2,065	-
Total Co-Curricular Activities	190,900	38,330	229,230	220,635	8,595
School Sponsored Athletics					
Salaries	368,569	15,812	384,381	384,380	1
Purchased Services	8,300	(1,545)	6,755	1,741	5,014
Supplies and Materials	74,000	13,499	87,499	87,438	61
Other Objects	8,150	(1,510)	6,640	6,250	390
Transfers to Cover Deficit (Agency Funds)	34,000	10,000	44,000	35,000	9,000
Total Athletics	493,019	36,256	529,275	514,809	14,466
Community Service Programs					
Supplies and Materials	7,500	-	7,500	645	6,855
Total Community Service Programs	7,500	-	7,500	645	6,855
Total Instruction	18,499,429	278,750	18,778,179	18,155,261	622,918
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Regular	65,312	(23,150)	42,162	42,162	
Tuition to Other LEA's Within State - Special	7,416,637	1,263,106	8,681,743	8,679,152	2,591
Tuition to County Vocational - Regular	457,866	118,809	576,675	576,675	
Tuition to County Vocational - Special	495,540	100,560	596,100	596,100	
Tuition to County Sp Service and Regional Day School	2,678,679	(268,312)	2,410,367	2,410,095	272
Tuition to Private School for the Disabled W/I State	710,774	19,459	730,233	722,667	7,566
Tuition to Private School for the Disabled & Other LEAs-Spl, O/S St	74,824	(74,800)	24	-	24
Tuition to State Facilities	76,994		76,994	76,994	
Tuition - Other	213,730	(50,325)	163,405	152,522	10,883
Total Tuition	12,190,356	1,087,347	13,277,703	13,256,367	21,336

(Continued)

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 520,253	\$ (45,000)	\$ 475,253	\$ 468,343	\$ 6,910
Purchased Professional and Technical Services	116,966	140,400	257,366	212,575	44,791
Supplies and Materials	17,187	6,130	23,317	15,393	7,924
Total Health Services	654,406	101,530	755,936	696,311	59,625
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	308,777	(41,677)	267,100	238,114	28,986
Purchased Professional Educational Services	400,000	(26,249)	373,751	370,213	3,538
Supplies and Materials	2,000	(737)	1,263	1,263	-
Total Speech, OT, PT and Related Services	710,777	(68,663)	642,114	609,590	32,524
Other Supp. Svcs.-Extraord. Serv.					
Salaries	175,206	3,074	178,280	100,660	77,620
Purchased Professional - Educational Services	725,000	114,208	839,208	821,253	17,955
Total Other Support/Extraordinary Services	900,206	117,282	1,017,488	921,913	95,575
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	872,941	(46,328)	826,613	814,856	11,757
Salaries of Secretarial and Clerical Assistants	53,625		53,625	53,625	
Purchased Professional and Educational Services	98,400	7,000	105,400	103,265	2,135
Other Purchased Professional and Technical Services	73,700	(26,300)	47,400	47,399	1
Supplies and Materials	99,760	(10,000)	89,760	60,492	29,268
Total Other Support Services-Guidance	1,198,426	(75,628)	1,122,798	1,079,637	43,161
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	831,675	(15,882)	815,793	798,348	17,445
Salaries of Secretarial and Clerical Assistants	132,030	16,720	148,750	148,750	
Other Salaries	14,560	(4,865)	9,695	9,695	
Purchased Professional - Educational Services	95,000	20,300	115,300	110,424	4,876
Other Purchased Professional and Technical Services	40,129	14,000	54,129	48,714	5,415
Other Purchased Services	2,430	160	2,590	2,582	8
Supplies and Materials	7,200	2,297	9,497	9,212	285
Total Other Support Services-Child Study Teams	1,123,024	32,730	1,155,754	1,127,725	28,029
Improvement of Instruction					
Salaries of Supervisor of Instruction	583,428		583,428	576,561	6,867
Purchased Professional Educational Services	359,859		359,859	357,326	2,533
Supplies and Materials	25,000	(8,800)	16,200	7,297	8,903
Total Improvement of Instruction	968,287	(8,800)	959,487	941,184	18,303
Educational Media Services/ School Library					
Salaries	457,406	(47,356)	410,050	410,050	
Other Purchased Services	22,421		22,421	20,480	1,941
Supplies and Materials	171,348	(6,953)	164,395	160,225	4,170
Total Educational Media Services/ School Library	651,175	(54,309)	596,866	590,755	6,111
Instructional Staff Training Services					
Other Purchased Services	60,000	(22,000)	38,000	18,009	19,991
Supplies and Materials	42,333	-	42,333	16,234	26,099
Total Instructional Staff Training Services	102,333	(22,000)	80,333	34,243	46,090

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 400,325	\$ 12,193	\$ 412,518	\$ 411,657	\$ 861
Legal Services	100,000	(12,904)	87,096	49,164	37,932
Audit Fees	40,644	3,659	44,303	42,303	2,000
Architectural/Engineering Services	2,500	3,000	5,500	5,145	355
Other Purchased Professional Services	2,500		2,500	2,495	5
Communications/Telephone	157,479		157,479	143,920	13,559
BOE Other Purchased Services	2,855		2,855		2,855
Miscellaneous Purchased Services	179,124	11,927	191,051	190,446	605
General Supplies	12,500	(5,096)	7,404	6,352	1,052
Judgements Against the School District		4,413	4,413	4,413	
Miscellaneous Expenditures	4,798		4,798	4,722	76
BOE Membership Dues and Fees	21,059	-	21,059	20,496	563
Total Support Services General Administration	923,784	17,192	940,976	881,113	59,863
Support Services School Administration					
Salaries of Principals/Assistant Principals/Prog Dir	1,329,568	(43,372)	1,286,196	1,283,350	2,846
Salaries of Other Professional Staff	402,728		402,728	402,571	157
Salaries of Secretarial and Clerical Assistants	691,434	(24,864)	666,570	644,314	22,256
Other Purchased Services	11,155		11,155	3,102	8,053
Supplies and Materials	66,210	(5,488)	60,722	56,928	3,794
Other Objects	6,526	7,800	14,326	12,899	1,427
Total Support Services School Administration	2,507,621	(65,924)	2,441,697	2,403,164	38,533
Central Services					
Salaries	432,057	(7,827)	424,230	417,302	6,928
Purchased Professional Services	39,010	805	39,815	39,814	1
Miscellaneous Purchased Services	9,094	(4,077)	5,017	4,034	983
Supplies and Materials	13,000	4,845	17,845	17,833	12
Miscellaneous Expenditures	2,240	-	2,240	1,275	965
Total Undistributed Expenditures - Central Services	495,401	(6,254)	489,147	480,258	8,889
Admin. Info. Tech.					
Salaries	291,513	327	291,840	289,518	2,322
Other Purchased Services	3,800		3,800	3,800	
Supplies and Materials	2,500	10,000	12,500	12,459	41
Total Undistributed Expenditures - Admin. Info. Technology	297,813	10,327	308,140	305,777	2,363
Required Maintenance for School Facilities					
Salaries	308,567	(14,984)	293,583	282,286	11,297
Cleaning, Repair and Maintenance Services	703,500	(147,879)	555,621	503,844	51,777
General Supplies	52,000	9,447	61,447	60,640	807
Total Required Maint for School Facilities	1,064,067	(153,416)	910,651	846,770	63,881
Custodial Services					
Salaries	1,397,844	(85,016)	1,312,828	1,312,828	
Purchased Professional and Technical Services	25,242	810	26,052	20,161	5,891
Cleaning, Repair and Maintenance Services	124,046	(32,624)	91,422	76,372	15,050
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	203,300	570,000	773,300	507,433	265,867
Other Purchased Property Services	26,000	2,728	28,728	27,777	951
Insurance	234,078	(14,815)	219,263	219,254	9
Miscellaneous Purchased Services	7,295	(996)	6,299	4,721	1,578
General Supplies	102,000	8	102,008	94,373	7,635
Energy (Natural Gas)	192,000	(11,566)	180,434	180,434	
Energy (Electricity)	500,000	(23,479)	476,521	476,521	
Energy (Gasoline)	3,000		3,000	3,000	
Other Objects	2,620	-	2,620	2,467	153
Total Custodial Services	2,817,425	405,050	3,222,475	2,925,341	297,134
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	91,450	(51,639)	39,811	16,372	23,439
General Supplies	15,500	(5,680)	9,820	7,574	2,246
Total Care and Upkeep of Grounds	106,950	(57,319)	49,631	23,946	25,685

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures - Security					
Salaries	\$ 57,600	\$ 17,300	\$ 74,900	\$ 74,900	
Purchased Professional and Technical Services	100,000		100,000	100,000	
Cleaning, Repair, and Maintenance Services	10,000	3,300	13,300	13,232	\$ 68
General Supplies	2,000	2,480	4,480	4,477	3
Total Security	169,600	23,080	192,680	192,609	71
Student Transportation Services					
Contr Serv(Bet Home &Sch)-Vendors	19,778		19,778	18,396	1,382
Contr Serv(Oth. Than Bet Home &Sch)-Vendors	90,571	497	91,068	91,068	
Contr Serv(Bet Home &Sch)-Joint Agreements	364,689	(4,890)	359,799	358,921	878
Contr Serv(Special Education)-Vendors	250		250	35	215
Contr Serv(Special Education)-Joint Agreements	2,065,572	69,980	2,135,552	2,131,963	3,589
Contr Serv - Aid in Lieu Pymts-Charter Sch	12,000	2,000	14,000	12,968	1,032
Total Student Transportation Services	2,552,860	67,587	2,620,447	2,613,351	7,096
Unallocated Employee Benefits					
Social Security Contributions	408,973		408,973	397,390	11,583
Other Retirement Contributions - PERS	481,211	9,090	490,301	490,299	2
Unemployment Compensation	88,392	2,300	90,692	90,645	47
Workmen's Compensation	210,350	(26,443)	183,907	183,907	
Health Benefits	7,061,577	(681,195)	6,380,382	6,330,610	49,772
Tuition Reimbursements	4,000	4,880	8,880	8,880	
Other Employee Benefits	142,200	7,102	149,302	137,772	11,530
Unused Sick Payment to Terminated/Retired Staff	120,000	15,000	135,000	135,000	-
Total Unallocated Employee Benefits	8,516,703	(669,266)	7,847,437	7,774,503	72,934
On-Behalf TPAF (Non-Budgeted)					
Pension				3,738,034	(3,738,034)
NCGI Premium				78,247	(78,247)
Post Retirement Medical				1,731,059	(1,731,059)
Long Term Disability				3,438	(3,438)
Social Security Contributions	-	-	-	1,506,879	(1,506,879)
Total TPAF Pension and Social Security Contributions	-	-	-	7,057,657	(7,057,657)
Total Undistributed Expenditures	37,951,214	680,546	38,631,760	44,762,214	(6,130,454)
Interest Earned on Current Expense Emergency Reserve	4,000	-	4,000	-	4,000
Total Current Expenditures	56,454,643	959,296	57,413,939	62,917,475	(5,503,536)
CAPITAL OUTLAY					
Equipment					
Grades 9 - 12		29,457	29,457	29,457	
Undistributed Expenditures		20,148	20,148	20,008	140
Required Maint. For School Facilities	-	20,878	20,878	20,878	-
Total Equipment	-	70,483	70,483	70,343	140
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services	444,702	14,157	458,859	220,526	238,333
Construction Services	4,562,009	932,195	5,494,204	1,025,933	4,468,271
Assessment for Debt Service on SDA Funding	33,244	-	33,244	33,244	-
Total Facilities Acq. And Construction Services	5,039,955	946,352	5,986,307	1,279,703	4,706,604
Interest Deposit to Capital Reserve	75,000	-	75,000	-	75,000
Total Expenditures - Capital Outlay	5,114,955	1,016,835	6,131,790	1,350,046	4,781,744
Transfer of Funds to Charter Schools	2,452,707	82,500	2,535,207	2,490,877	44,330
Total Expenditures - General Fund	64,022,305	2,058,631	66,080,936	66,758,398	(677,462)

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY (Continued)					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (6,876,206)	\$ (1,488,631)	\$ (8,364,837)	\$ (1,172,528)	\$ 7,192,309
Other Financing Sources (Uses)					
Transfers Out - Special Revenue Fund - Preschool	(134,187)	-	(134,187)	(134,187)	-
Transfers In - Capital Projects Fund	-	-	-	42,518	42,518
Total Other Financing Sources (Uses)	(134,187)	-	(134,187)	(91,669)	42,518
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(7,010,393)	(1,488,631)	(8,499,024)	(1,264,197)	7,234,827
Fund Balance, Beginning of Year	12,568,624	-	12,568,624	12,568,624	-
Fund Balance, End of Year	<u>\$ 5,558,231</u>	<u>\$ (1,488,631)</u>	<u>\$ 4,069,600</u>	<u>\$ 11,304,427</u>	<u>\$ 7,234,827</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 3,752,612	
Capital Reserve - Designated for Subsequent Year's Budget				92,000	
Emergency Reserve				415,415	
Excess Surplus				1,536,229	
Excess Surplus - Designated for Subsequent Year's Budget				1,382,571	
Committed					
Encumbrances				2,073,863	
Assigned					
Encumbrances				52,054	
Designated for Subsequent Year's Budget				456,189	
Unassigned					
Unreserved				1,543,494	
Fund Balance (Budgetary Basis)				11,304,427	
Reconciliation to Governmental Fund Statements (GAAP)					
State Aid Payments Not Recognized on a GAAP Basis				(2,755,561)	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 8,548,866</u>	

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 2,000	\$ 2,000	\$ 1,996	\$ (4)
State	\$ 609,531	185,221	794,752	681,711	(113,041)
Federal	<u>1,383,681</u>	<u>439,906</u>	<u>1,823,587</u>	<u>1,809,006</u>	<u>(14,581)</u>
Total Revenues	<u>1,993,212</u>	<u>627,127</u>	<u>2,620,339</u>	<u>2,492,713</u>	<u>(127,626)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	980,344	121,610	1,101,954	1,101,954	
Other Salaries for Instruction	97,273	(2,740)	94,533	94,533	
Purchased Professional/Educational Services	71,746	51,374	123,120	101,152	21,968
Tuition	618,254	160,828	779,082	779,082	
General Supplies	76,913	202,611	279,524	189,878	89,646
Textbooks	<u>8,896</u>	<u>2,638</u>	<u>11,534</u>	<u>10,582</u>	<u>952</u>
Total Instruction	<u>1,853,426</u>	<u>536,321</u>	<u>2,389,747</u>	<u>2,277,181</u>	<u>112,566</u>
Support Services					
Other Salaries	514	3,000	3,514	3,514	
Employee Benefits	198,145	55,854	253,999	253,999	
Purchased Prof. and Technical Services	73,114	(1,398)	71,716	57,135	14,581
Leases and Rentals		32,550	32,550	32,071	479
Other Objects	<u>2,200</u>	<u>800</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Support Services	<u>273,973</u>	<u>90,806</u>	<u>364,779</u>	<u>349,719</u>	<u>15,060</u>
Total Expenditures	<u>2,127,399</u>	<u>627,127</u>	<u>2,754,526</u>	<u>2,626,900</u>	<u>127,626</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(134,187)	-	(134,187)	(134,187)	-
Other Financing Sources					
Transfers In - General Fund Contribution	<u>134,187</u>	<u>-</u>	<u>134,187</u>	<u>134,187</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2019	<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, 2019**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources				
Revenues (budgetary basis)	C-1	\$ 65,585,870	C-2	\$ 2,492,713
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.		1,989,574		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.		(2,755,561)		
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.				
Encumbrances, June 30, 2019				(2,712)
Encumbrances, June 30, 2018		-		3,106
		-----		-----
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>\$ 64,819,883</u>	B-2	<u>\$ 2,493,107</u>
Uses/Outflows of Resources				
Expenditures (budgetary basis)	C-1	\$ 66,758,398	C-2	\$ 2,626,900
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.				
Encumbrances, June 30, 2019				(2,712)
Encumbrances, June 30, 2018		-		3,106
		-----		-----
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 66,758,398</u>	B-2	<u>\$ 2,627,294</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 Six Fiscal Years ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04744 %	0.04603 %	0.04609 %	0.04719 %	0.04861 %	0.04722 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,340,804	\$ 10,714,702	\$ 13,651,037	\$ 10,593,590	\$ 9,100,717	\$ 9,024,932
District's Covered Payroll	\$ 3,290,768	\$ 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 Payroll	283.85%	322.64%	423.58%	326.88%	276.95%	269.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	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 Six Fiscal Years ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 471,880	\$ 426,405	\$ 409,472	\$ 405,722	\$ 400,716	\$ 355,803
Contributions in Relation to the Contractually Required Contributions	<u>471,880</u>	<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>	<u>\$ -</u>
District's Covered Payroll	\$ 3,229,591	\$ 3,290,768	\$ 3,320,907	\$ 3,222,757	\$ 3,240,821	\$ 3,286,043
Contributions as a Percentage of Covered Payroll	14.61%	12.96%	12.33%	12.59%	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 Six Fiscal Years ***

	<u>2019</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0
States Proportionate Share of Net Pension Liability (Asset) Associated With the District	<u>\$ 127,029,727</u>	<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>\$ 127,029,727</u>	<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 Payroll	\$ 20,071,980	\$ 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 Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	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, 2019**

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 4D.

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

Postemployment Health Benefit Plan

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 3,415,711	\$ 4,101,043
Interest on Total OPEB Liability	3,673,321	3,187,295
Differences Between Expected and Actual Experiences	(8,524,609)	
Changes of Assumptions	(9,946,943)	(13,251,084)
Gross Benefit Payments	(2,317,787)	(2,284,585)
Contribution from the Member	<u>80,106</u>	<u>84,124</u>
Net Change in Total OPEB Liability	(13,620,201)	(8,163,207)
Total OPEB Liability - Beginning of Year	<u>100,300,019</u>	<u>108,463,226</u>
Total OPEB Liability - End of Year	<u>\$ 86,679,818</u>	<u>\$ 100,300,019</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>86,679,818</u>	<u>100,300,019</u>
Total OPEB Liability - Ending	<u>\$ 86,679,818</u>	<u>\$ 100,300,019</u>
District's Covered Payroll	<u>\$ 23,362,748</u>	<u>\$ 23,494,363</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	<u>0%</u>	<u>0%</u>

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, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

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, 2019**

	N.J. Nonpublic Auxiliary		NJ Nonpublic Handicapped		Nonpublic Security	Nonpublic Nursing	Nonpublic Technology	Sub-Total Carried Forward
	Nonpublic Textbooks	Compensatory Education	Supplemental Instruction	Examination/Classification				
REVENUES								
State Sources	\$ 10,582	\$ 60,743	\$ 20,381	\$ 20,028	\$ 32,071	\$ 21,049	\$ 7,776	\$ 172,630
Federal Sources	-	-	-	-	-	-	-	-
Total Revenues	<u>10,582</u>	<u>60,743</u>	<u>20,381</u>	<u>20,028</u>	<u>32,071</u>	<u>21,049</u>	<u>7,776</u>	<u>172,630</u>
EXPENDITURES								
Instruction:								
Other Purchased Services		60,743	20,381	20,028				101,152
General Supplies							7,776	7,776
Textbooks	10,582	-	-	-	-	-	-	10,582
Total Instruction	<u>10,582</u>	<u>60,743</u>	<u>20,381</u>	<u>20,028</u>	<u>-</u>	<u>-</u>	<u>7,776</u>	<u>119,510</u>
Support Services								
Other Salaries						514		514
Purchased Professional and Technical						20,535		20,535
Leases and Rentals					32,071			32,071
Cleaning, Repairs and Maintenance	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,071</u>	<u>21,049</u>	<u>-</u>	<u>53,120</u>
Total Expenditures	<u>10,582</u>	<u>60,743</u>	<u>20,381</u>	<u>20,028</u>	<u>32,071</u>	<u>21,049</u>	<u>7,776</u>	<u>172,630</u>
Excess (Deficiency) of Revenues								
Over/(Under) Expenditures	-	-	-	-	-	-	-	-
Other Financing Sources								
Transfer In - General Fund	-	-	-	-	-	-	-	-
Fund Balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Sub-Total Brought Forward	Title I	Title II A	Title III	Title III Immig	Title IV	IDEA B Basic	IDEA B Preschool	Perkins Vocational Education	Local Grants	Preschool Education	Total
REVENUES												
Local Sources										\$ 1,996		\$ 1,996
State Sources	\$ 172,630										\$ 509,081	681,711
Federal Sources	-	\$ 759,227	\$ 114,271	\$ 33,172	\$ 13,498	\$ 45,807	\$ 788,820	\$ 26,862	\$ 27,349	-	-	1,809,006
Total Revenues	<u>172,630</u>	<u>759,227</u>	<u>114,271</u>	<u>33,172</u>	<u>13,498</u>	<u>45,807</u>	<u>788,820</u>	<u>26,862</u>	<u>27,349</u>	<u>1,996</u>	<u>509,081</u>	<u>2,492,713</u>
EXPENDITURES												
Instruction:												
Salaries of Teachers		516,868	87,230	27,761							470,095	1,101,954
Other Salaries for Instruction											94,533	94,533
Other Purchased Services	101,152											101,152
Tuition							752,220	26,862				779,082
General Supplies	7,776	86,189			13,498	45,807			24,119	1,996	10,493	189,878
Textbooks	10,582	-	-	-	-	-	-	-	-	-	-	10,582
Total Instruction	<u>119,510</u>	<u>603,057</u>	<u>87,230</u>	<u>27,761</u>	<u>13,498</u>	<u>45,807</u>	<u>752,220</u>	<u>26,862</u>	<u>24,119</u>	<u>1,996</u>	<u>575,121</u>	<u>2,277,181</u>
Support Services												
Salaries of Other Professional Staff												-
Other Salaries for Instruction	514								3,000			3,514
Employee Benefits		153,170	27,041	5,411					230		68,147	253,999
Purchased Professional and Technical	20,535						36,600					57,135
Leases and Rentals	32,071											32,071
Cleaning, Repairs and Maintenance												-
Other Objects	-	3,000	-	-	-	-	-	-	-	-	-	3,000
Total Support Services	<u>53,120</u>	<u>156,170</u>	<u>27,041</u>	<u>5,411</u>	<u>-</u>	<u>-</u>	<u>36,600</u>	<u>-</u>	<u>3,230</u>	<u>-</u>	<u>68,147</u>	<u>349,719</u>
Total Expenditures	<u>172,630</u>	<u>759,227</u>	<u>114,271</u>	<u>33,172</u>	<u>13,498</u>	<u>45,807</u>	<u>788,820</u>	<u>26,862</u>	<u>27,349</u>	<u>1,996</u>	<u>643,268</u>	<u>2,626,900</u>
Excess (Deficiency) of Revenues												
Over/(Under) Expenditures	-	-	-	-	-	-	-	-	-	-	(134,187)	(134,187)
Other Financing Sources												
Transfer In - General Fund	-	-	-	-	-	-	-	-	-	-	134,187	134,187
Fund Balance, June 30, 2019	<u>\$ -</u>	<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, 2019**

	<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	\$ 466,177	\$ 3,918	\$ 470,095	\$ 470,095	
Other Salaries for Instruction	97,273	(2,740)	94,533	94,533	
General Supplies	<u>11,120</u>	<u>89,016</u>	<u>100,136</u>	<u>10,493</u>	\$ 89,643
Total Instruction	<u>574,570</u>	<u>90,194</u>	<u>664,764</u>	<u>575,121</u>	<u>89,643</u>
Support Services					
Personal Services - Employee Benefits	<u>68,147</u>	<u>-</u>	<u>68,147</u>	<u>68,147</u>	<u>-</u>
Total Support Services	<u>68,147</u>	<u>-</u>	<u>68,147</u>	<u>68,147</u>	<u>-</u>
Total Expenditures	<u>\$ 642,717</u>	<u>\$ 90,194</u>	<u>\$ 732,911</u>	<u>\$ 643,268</u>	<u>\$ 89,643</u>

Calculation of Budget Carryover

Total Revised 2018-2019 Preschool Education Aid Allocation	\$ 508,530
Add:	
Preschool Education Aid Carryover (June 30, 2018)	90,194
Budgeted Transfer from the General Fund 2018-2019	<u>134,187</u>
Total Preschool Education Aid Funds Available for 2018-2019 Budget	732,911
Less: 2018-2019 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>732,911</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2019	-
Add: June 30, 2019 Unexpended Preschool Education Aid	<u>89,643</u>
2018-2019 Carryover - Preschool Education Aid Programs	<u>\$ 89,643</u>
2018-2019 Preschool Education Aid Carryover Budgeted in 2019-2020	<u>\$ -</u>

CAPITAL PROJECTS FUND

**LODI BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Prior Years</u>	<u>Current Year Expenditures</u>	<u>Balance, June 30, 2019</u>
Construction of Admin/Child Study Team Building	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

Recapitulation of Fund Balance:

Designated for Capital Projects	<u>\$ 2,000,000</u>
Total Restricted for Capital Projects	<u>\$ 2,000,000</u>

**LODI BOARD OF EDUCATION
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Revenues and Other Financing Sources

Interest	\$ <u>42,518</u>
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Total Revenues	<u>42,518</u>
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Expenditures and Other Financing Uses

Transfer to General Fund	<u>42,518</u>
--------------------------	---------------

Total Expenditures	<u>42,518</u>
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Excess Of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	-
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Fund Balance, Beginning of Year	<u>2,000,000</u>
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Fund Balance, End of Year	<u>\$ 2,000,000</u>
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**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, 2019**

	<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	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
Expenditures and Other Financing Uses				
Professional Services			-	
Construction Services	-	-	-	2,000,000
Total Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>
 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, 2019**

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, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 93,797	\$ 23,082	\$ 116,879
Total Assets	<u>\$ 93,797</u>	<u>\$ 23,082</u>	<u>\$ 116,879</u>
LIABILITIES			
Payroll Deductions Payable		\$ 11,560	\$ 11,560
Due To Other Funds		11,522	11,522
Due to Student Groups	<u>\$ 93,797</u>	<u>-</u>	<u>93,797</u>
Total Liabilities	<u>\$ 93,797</u>	<u>\$ 23,082</u>	<u>\$ 116,879</u>

**LODI BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT AVAILABLE

**LODI BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Thomas Jefferson Middle School	\$ 9,598	\$ 68,541	\$ 65,782	\$ 12,357
Lodi High School	71,352	139,382	130,733	80,001
Athletic Account	<u>1,123</u>	<u>43,176</u>	<u>42,860</u>	<u>1,439</u>
	<u>\$ 82,073</u>	<u>\$ 251,099</u>	<u>\$ 239,375</u>	<u>\$ 93,797</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance,</u> <u>July 1,</u> <u>2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30,</u> <u>2019</u>
Payroll Deductions, Withholdings and Accrued Salaries and Wages	\$ 100,264	\$ 15,062,550	\$ 15,151,254	\$ 11,560
Accrued Salaries and Wages		14,015,560	14,015,560	
Due To Other Funds	<u>7,050</u>	<u>8,701</u>	<u>4,229</u>	<u>11,522</u>
Total	<u>\$ 107,314</u>	<u>\$ 29,086,811</u>	<u>\$ 29,171,043</u>	<u>\$ 23,082</u>

LONG-TERM DEBT

**LODI BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

**LODI BOARD OF EDUCATION
LONG-TERM DEBT
OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<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, 2018</u>	<u>Paid</u>	<u>Balance June 30, 2019</u>
Refunding Certificates of Participation	8/13/2015	\$ 2,795,000	9/15/19	\$ 465,000	2.00 %			
			9/15/20	480,000	2.00			
			9/15/21	225,000	2.00	<u>\$ 1,635,000</u>	<u>\$ 465,000</u>	<u>\$ 1,170,000</u>

**LODI BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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	\$ 402,156		\$ 402,156	\$ 402,156	
State Sources					
Debt Service Aid	90,894	-	90,894	90,894	-
Total Revenues	<u>493,050</u>	<u>-</u>	<u>493,050</u>	<u>493,050</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Principal Payments - Comm Approved Lease Purchase	465,000		465,000	465,000	-
Interest for Comm. Approved Lease Purchase	28,050	-	28,050	28,050	-
Total Expenditures	<u>493,050</u>	<u>-</u>	<u>493,050</u>	<u>493,050</u>	<u>-</u>
Excess (Deficit) of Revenues Over/(Under)					
Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment In Capital Assets	\$ 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	\$31,423,228
Restricted	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	5,844,612
Unrestricted	(2,873,097)	1,158,697	(2,666,682)	988,842	(617,457)	(10,511,258)	(11,092,318)	(10,154,950)	(8,534,943)	(8,819,343)
Total Governmental Activities Net Position	<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>	<u>\$28,448,497</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 189,848	\$ 182,679	\$ 180,828	\$ 286,355	\$ 255,647	\$ 266,427	\$ 300,098	\$ 280,291	\$ 277,574	\$ 264,446
Unrestricted	501,722	458,888	275,814	281,952	413,061	382,161	320,432	329,579	308,567	334,870
Total Business-Type Activities Net Position	<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>	<u>\$ 599,316</u>
District-Wide										
Net Investment In Capital Assets	\$ 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	\$31,687,674
Restricted	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	5,844,612
Unrestricted	(2,371,375)	1,617,585	(2,390,868)	1,270,794	(204,396)	(10,129,097)	(10,771,886)	(9,825,371)	(8,226,376)	(8,484,473)
Total District Net Position	<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>	<u>\$29,047,813</u>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 29,453,412
Special Education	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	17,405,573
Other Instruction	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	2,442,385
School Sponsored Activities And Athletics	464,497	421,727	472,499	501,347	653,789	797,017	857,029	1,091,667	1,100,422	1,067,194
Community Services	2,584								1,288	645
Support Services										
Student And Instruction Related Services	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	9,229,405
General Administration	654,528	706,773	831,457	836,061	1,031,137	1,146,902	1,431,245	1,191,958	1,268,041	1,143,295
School Administrative Services	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	4,094,029
Plant Operations And Maintenance	3,628,911	4,152,352	4,042,757	3,871,420	6,261,688	5,923,142	6,285,496	6,329,612	6,533,146	6,596,646
Pupil Transportation	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	2,613,351
Business Services	630,553	708,479	677,795	712,482	895,792	1,017,553	1,050,862	1,146,386	1,252,422	1,307,640
Unallocated Employee Benefits	10,656,550	10,501,947	12,751,252	8,854,106						
Capital Outlay	1,583,169	1,419,886	1,537,681	996,241						
Interest On Long-Term Debt and Other Charges	323,084	293,710	261,962	235,894	295,362	204,430	171,998	91,956	81,012	36,569
Total Governmental Activities Expenses	<u>53,884,018</u>	<u>55,184,347</u>	<u>58,935,425</u>	<u>54,522,531</u>	<u>56,931,704</u>	<u>64,285,537</u>	<u>68,059,864</u>	<u>72,488,633</u>	<u>73,805,125</u>	<u>75,390,144</u>
Business-Type Activities:										
Food Service	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	1,363,031
Total Business-Type Activities Expense	<u>1,532,889</u>	<u>1,417,767</u>	<u>1,509,584</u>	<u>1,324,732</u>	<u>1,318,033</u>	<u>1,365,030</u>	<u>1,375,593</u>	<u>1,388,608</u>	<u>1,374,423</u>	<u>1,363,031</u>
Total District Expenses	<u>\$ 55,416,907</u>	<u>\$ 56,602,114</u>	<u>\$ 60,445,009</u>	<u>\$ 55,847,263</u>	<u>\$ 58,249,737</u>	<u>\$ 65,650,567</u>	<u>\$ 69,435,457</u>	<u>\$ 73,877,241</u>	<u>\$ 75,179,548</u>	<u>\$ 76,753,175</u>
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 20,644		\$ 21,549		\$ 43,902	\$ 119,939	\$ 109,712	\$ 68,445	\$ 27,473	\$ 29,129
Operating Grants And Contributions	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	20,324,889
Capital Grants And Contributions	4,497,414	145,780			339,798	405,010	165,177	-	-	-
Total Governmental Activities Program Revenues	<u>11,648,229</u>	<u>7,595,953</u>	<u>8,643,096</u>	<u>9,680,663</u>	<u>9,087,644</u>	<u>15,221,477</u>	<u>17,031,771</u>	<u>21,128,963</u>	<u>20,873,919</u>	<u>20,354,018</u>
Business-Type Activities:										
Charges For Services										
Food Service	627,622	655,407	548,607	497,591	491,476	458,194	437,137	438,374	445,558	455,218
Operating Grants And Contributions	749,603	712,153	776,024	938,799	926,945	886,686	913,865	944,044	903,879	914,915
Total Business Type Activities Program Revenues	<u>1,377,225</u>	<u>1,367,560</u>	<u>1,324,631</u>	<u>1,436,390</u>	<u>1,418,421</u>	<u>1,344,880</u>	<u>1,351,002</u>	<u>1,382,418</u>	<u>1,349,437</u>	<u>1,370,133</u>
Total District Program Revenues	<u>\$ 13,025,454</u>	<u>\$ 8,963,513</u>	<u>\$ 9,967,727</u>	<u>\$ 11,117,053</u>	<u>\$ 10,506,065</u>	<u>\$ 16,566,357</u>	<u>\$ 18,382,773</u>	<u>\$ 22,511,381</u>	<u>\$ 22,223,356</u>	<u>\$ 21,724,151</u>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (55,036,126)
Business-Type Activities	(155,664)	(50,207)	(184,953)	111,658	100,388	(20,150)	(24,591)	(6,190)	(24,986)	7,102
Total District-Wide Net Expense	<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>	<u>\$ (55,029,024)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 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	\$ 38,707,933
State Aid	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	13,778,053
Federal Sources										
Interest Earned on Capital Reserve Funds										
Miscellaneous Income	434,851	232,198	168,208	400,192	290,825	341,201	232,623	287,297	524,914	587,537
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										
Transfers	(1,075,743)	(51,600)			-					
Total Governmental Activities	<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>	<u>53,073,523</u>
Business-Type Activities:										
Unrestricted Miscellaneous Revenues	232	204	28	7	13	30	44	19	1,257	6,073
Loss on Disposal of Capital Assets	-	-	-	-	-	-	(3,511)	(4,489)	-	-
Total Business-Type Activities	<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>	<u>6,073</u>
Total District-Wide	<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>	<u>\$ 53,079,596</u>
Change in Net Position										
Governmental Activities	\$ 291,894	\$ 750,785	\$ (1,105,453)	\$ 6,074,453	\$ 3,823,017	\$ 2,212,871	\$ 190,555	\$ 123,523	\$ (687,298)	\$ (1,962,603)
Business-Type Activities	(155,432)	(50,003)	(184,925)	111,665	100,401	(20,120)	(28,058)	(10,660)	(23,729)	13,175
Total District	<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>	<u>\$ (1,949,428)</u>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 4,712,924									
Unreserved	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	\$ 7,178,827
Committed					835,457	854,750	383,000		932,195	2,073,863
Assigned		2,603,437	2,278,695	4,009,119	507,162	73,969	185,537	357,226	556,437	508,243
Unassigned		(22,765)	(103,843)	(211,131)	(657,736)	(643,189)	(500,082)	(657,449)	(856,706)	(1,212,067)
Total General Fund	\$ 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	\$ 8,548,866
All Other Governmental Funds										
Reserved										
Unreserved	\$ 1,835,729									
Restricted		\$ 32	\$ 13,465	\$ 13,451	\$ 508,320	\$ 227,563	\$ 7,399,228	\$ 29,555	\$ 2,000,000	\$ 2,000,000
Unassigned					(41,388)	(55,330)	(50,096)	(38,361)		
Total All Other Governmental Funds	\$ 1,835,729	\$ 32	\$ 13,465	\$ 13,451	\$ 466,932	\$ 172,233	\$ 7,349,132	\$ (8,806)	\$ 2,000,000	\$ 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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 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	\$ 38,707,933
Tuition Charges	20,644		21,549		43,902	119,939	109,712	68,445	27,473	29,129
Interest on Capital Reserve Funds	81	4	21	21	139	300	595	65	44,059	64,478
Interest on Emergency Reserve Funds		2	619	671	623	639	670	820	2,785	8,647
Miscellaneous	434,851	232,198	233,287	409,198	290,064	241,412	246,514	297,059	487,051	516,408
State Sources	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	26,561,127
Federal Sources	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	1,960,836
Total Revenues	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	67,848,558
Expenditures										
Instruction										
Regular Instruction	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	26,345,035
Special Education Instruction	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	16,887,015
Other Instruction	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	2,127,476
School Sponsored Activities And Athletics	464,497	421,727	472,499	501,347	672,369	690,895	730,487	865,027	907,168	1,013,500
Community Services	2,584								1,288	645
Support Services										
Student and Inst. Related Services	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	8,354,754
General Administration	654,528	706,773	831,457	836,061	1,049,110	1,119,251	1,090,123	1,114,621	1,172,428	1,105,996
School Administration	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	3,678,101
Plant Operations And Maintenance	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	4,766,108
Pupil Transportation	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	2,613,351
Business Services	630,553	708,479	677,795	712,482	935,599	966,118	971,862	982,447	1,072,545	1,176,909
Unallocated Employee Benefits	10,791,488	10,432,883	12,879,461	11,045,854						
Capital Outlay	145,203	2,080,009	461,660	1,046,972	2,857,181	2,773,383	1,331,847	606,120	408,681	1,316,802
Debt Service										
Principal	614,997	640,000	490,000	515,000	544,998	465,000	455,000	440,000	445,000	465,000
Interest And Other Charges	323,087	293,710	261,962	235,894	241,540	212,116	193,545	79,244	70,394	28,050
Total Expenditures	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	69,878,742
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	2,055,746	(428,664)	(647,641)	3,316,974	546,479	512,313	523,383	1,515,948	562,808	(2,030,184)
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	176,705
Transfers Out	(1,075,743)	(51,600)			(880,724)	(282,842)	(7,716,552)	(7,392,040)	(2,182,576)	(176,705)
Total Other Financing Sources (Uses)	(1,075,743)	(51,600)	-	-	-	-	126,755	-	-	-
Net Change In Fund Balances	\$ 980,003	\$ (480,264)	\$ (647,641)	\$ 3,316,974	\$ 546,479	\$ 512,313	\$ 650,138	\$ 1,515,948	\$ 562,808	\$ (2,030,184)
Debt Service As A Percentage Of										
Noncapital Expenditures	1.77%	1.72%	1.30%	1.34%	1.37%	1.17%	1.08%	0.86%	0.81%	0.72%

* 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>
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
2019	293,118	29,129	79,946	171,955	574,148

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
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
2019	7,966,300	1,416,165,100	293,614,500	125,307,900	136,085,900	1,979,139,700	79,120	1,979,218,820		1.962

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)**

Assessment Year	School District	Borough	County	County Open Space	Total
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
2019	1.962	0.970	0.296	0.012	3.240

Source: Borough of Lodi, Tax Assessor

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

Taxpayer	2019		2010	
	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	1.31%		
Parker Properties c/o The Home Depot	23,343,400	1.18%		
JMP 150-174 Essex Street, LLC	21,084,000	1.07%		
Lodi UE LLC	20,553,200	1.04%		
Rothman, Leonard & Mildred	13,154,700	0.66%		
UE Lodi Delaware LLC	12,415,400	0.63%		Information Not Available
Lodi Market, LLC	11,345,700	0.57%		
JSF Route 46 LLC	10,878,700	0.55%		
Lodi Value Add It, LLC	10,000,000	0.51%		
Cedar Wright Apartments	8,955,700	0.45%		
Total	<u>\$ 157,740,500</u>	<u>7.97%</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	
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%	
2019	38,707,933	38,707,933	100.00%	

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

<u>Governmental Activities</u>					
Fiscal Year Ended June 30,	Pension Refunding Bonds	Certificates of Participation	Total School District	Population	Per Capita
2010	\$ 1,105,000	\$ 4,330,000	\$ 5,435,000	24,146	\$ 225
2011	740,000	4,055,000	4,795,000	24,275	198
2012	545,000	3,760,000	4,305,000	24,346	177
2013	340,000	3,450,000	3,790,000	24,423	155
2014	120,000	3,125,000	3,245,000	24,447	133
2015		2,780,000	2,780,000	24,504	113
2016		2,520,000	2,520,000	24,475	103
2017		2,080,000	2,080,000	24,543	85
2018		1,635,000	1,635,000	24,551	67
2019		1,170,000	1,170,000	24,551 *	48

* Estimate

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			
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			-	-	-
2019			-	-	-

Source: District records

**LODI BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2019
(Unaudited)**

Net Direct Debt of School District as of June 30, 2019		\$ -
Net Overlapping Debt of School District		
Borough of Lodi	\$ 23,959,296	
Bergen County (A)	18,621,073	
Passaic Valley Sewerage Commission (B)	<u>2,694,044</u>	
		<u>45,274,413</u>
 Total Direct and Overlapping Debt as of June 30, 2019		 <u>\$ 45,274,413</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2019 equalized valuation by the total 2019 equalized valuation for Bergen County.

(B) Overlapping debt was computed based upon usage

Sources:

- (1) Borough of Lodi 2018 Annual Debt Statement
- (2) Bergen County 2018 Annual Debt Statement
- (3) Passaic Valley Sewerage Commission

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2010	24,146	\$ 65,992	10.2%
2011	24,275	68,865	10.0%
2012	24,346	71,789	10.2%
2013	24,423	71,100	7.8%
2014	24,447	73,637	7.8%
2015	24,504	76,821	6.5%
2016	24,475	77,901	6.2%
2017	24,543	81,203	5.5%
2018	24,551	N/A	5.0%
2019	24,551 *	N/A	N/A

Source: New Jersey State Department of Education

* Estimate

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>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>	<u>2019</u>
Instruction										
Regular	208	208	186	187	191	186	185	185	188	189
Special Education	13	13	30	30	29	28	29	30	28	28
Other Instruction	18	18	19	19	16	21	21	18	17	17
School Sponsored Activities And Athletics	2	2							1	1
Support Services										
Student and Instruction Related Services	17	17	16	16	16	16	15	18	18	18
General Administration	6	6	5	5	5	5	5	5	5	5
School Administrative Services	24	24	23	23	23	23	23	23	23	23
Central Services	5	5	5	5	5	5	5	5	5	5
Administrative Information Technology	2	2	2	2	2	2	2	2	2	2
Plant Operations and Maintenance	33	33	26	26	26	26	26	25	27	27
Other Support Services	39	39	23	23	23	23	24	23	23	23
Total	<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>	<u>338</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u> (A)	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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	6.34%	233	3,140	2,952	0.00%	94.01%
2019	3,021	68,068,890	22,532	10.50%	235	3,021	2,728	-3.79%	90.30%

Student/Faculty Ratios

	<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>	<u>2018/19</u>
Columbus	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	16.0 to 1
Hilltop	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	14:0 to 1
Roosevelt	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	14:0 to 1
Washington	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	14:0 to 1
Wilson	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	15:0 to 1
Thomas Jefferson Middle School	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	13:0 to 1
Lodi High School	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	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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Lodi High School</u>										
Square Feet	139,800	139,800	139,800	139,800	139,800	139,509	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	883.20	903.70	914.30	951.50	990.64	919.49	908.64	878.62	848.85	864.03
<u>Thomas Jefferson Middle School</u>										
Square Feet	86,700	86,700	86,700	86,700	86,700	88,900	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 *	764.80	802.00	763.80	732.50	683.99	714.91	715.43	719.44	721.29	723.69
<u>Columbus Elementary School</u>										
Square Feet	42,400	42,400	42,400	42,400	42,400	42,100	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	263.90	254.80	259.50	265.50	278.41	294.51	297.23	271.32	250.41	223.75
<u>Hilltop Elementary School</u>										
Square Feet	54,340	54,340	54,340	54,340	54,340	64,340	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	379.10	397.30	412.80	405.80	392.02	378.19	358.89	358.47	354.99	334.75
<u>Roosevelt Elementary School</u>										
Square Feet	18,150	18,150	18,150	18,150	18,150	16,736	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	162.30	155.70	162.00	164.30	181.41	175.17	179.76	175.46	176.67	171.83
<u>Washington Elementary School</u>										
Square Feet	58,170	58,170	58,170	58,170	58,170	57,200	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	414.10	420.40	439.90	424.50	420.18	407.94	393.15	379.67	387.37	366.13
<u>Wilson Elementary School</u>										
Square Feet	53,640	53,640	53,640	53,640	53,640	51,500	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	350.70	339.80	363.60	348.40	363.14	336.65	348.73	356.58	353.87	337.00

Number of Schools at June 30, 2019

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>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>	<u>2019</u>
Lodi High School	\$ 333,061	\$ 395,045	\$ 620,761	\$ 591,266	\$ 341,052	\$ 323,465	\$ 359,460	\$ 278,190	\$ 252,792	\$ 272,020
Columbus School	54,186	119,666	79,873	116,925	181,977	79,243	124,956	91,564	96,278	83,686
Hilltop School	241,163	369,802	120,795	139,447	102,696	64,946	80,662	76,792	98,371	102,864
Thomas Jefferson Middle School	201,323	183,390	208,772	106,852	99,349	215,045	216,811	152,090	334,999	139,759
Lincoln School	23,570	69,773	38,681	64,533	69,248	29,471	25,769	37,067	36,154	35,741
Roosevelt School	24,464	51,485	90,670	32,867	44,030	56,788	41,656	17,142	30,636	34,869
Washington School	53,030	82,805	198,665	101,348	106,419	106,591	115,960	109,508	89,478	90,659
Wilson School	89,483	123,669	176,500	105,889	142,372	86,764	75,559	92,631	105,098	87,172
Grand Total	<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>	<u>\$ 846,770</u>

**LODI BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2019
(Unaudited)**

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
Property Coverages	NJ School Boards Association Insurance Group		
Special Form R.C.			
Blanket Building and Contents		\$ 117,508,392	\$ 5,000
Equipment Breakdown		100,000,000	Environmental:
Extra Expenses		50,000,000	\$1,000,000 Per Impairment/ \$2,000,000 Aggregate \$11,000,000 Group Policy Aggregate Deductibles \$50,000/\$250,000
Valuable Papers	10,000,000		
 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.	400,000	

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, 2019 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 December 12, 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 December 12, 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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 12, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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GARY W. HIGGINS, CPA, RMA, PSA
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MARK SACO, CPA
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ROBERT LERCH, CPA
CHRIS SOHN, 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, 2019. 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, 2019.

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.

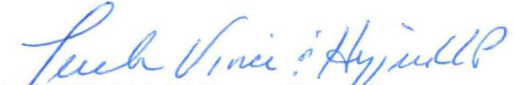
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

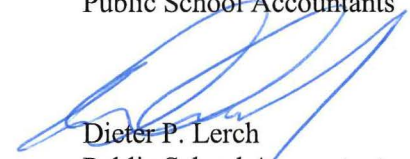
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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 Lodi Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated December 12, 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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 12, 2019

LODI BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2018			Cash Received	Budgetary Expenditures	Adjustment	Funds Released			Balance June 30, 2019			Memo GAAP Receivable
					(Accounts Receivable)	Unearned Revenue	Due to Grantor				Accounts Receivable	Unearned Revenue	(Accounts Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Education																	
Passed-through State Department of Education																	
General Fund																	
Medicaid Reimbursement - MAC	93.778	1805NJ5MAP	7/01/18-6/30/19	\$ 13,122	-	-	-	\$ 13,122	\$ 13,122	-	-	-	-	-	-	-	-
Medicaid Assistance Program	93.778	1805NJ5MAP	7/01/18-6/30/19	136,941	-	-	-	136,941	136,941	-	-	-	-	-	-	-	-
Total General Fund					-	-	-	150,063	150,063	-	-	-	-	-	-	-	-
Special Revenue Fund																	
Title I	84.010	S010A170030	7/01/17-6/30/18	755,889	\$ (193,032)	-	-	193,032	-	-	-	-	-	-	-	-	-
Title I	84.010	S010A180030	7/01/18-6/30/19	759,227	-	-	-	525,698	759,227	-	-	-	\$ (233,529)	-	-	-	\$ (233,529)
Total Title I					(193,032)	-	-	718,730	759,227	-	-	-	(233,529)	-	-	-	(233,529)
Title II, Part A	84.367	S367A180029	7/01/17-6/30/18	115,200	(29,591)	-	-	29,591	-	-	-	-	-	-	-	-	-
Title II, Part A	84.367	S367A170029	7/01/18-6/30/19	114,271	-	-	-	78,656	114,271	-	-	-	(35,615)	-	-	-	(35,615)
Total Title II, Part A					(29,591)	-	-	108,247	114,271	-	-	-	(35,615)	-	-	-	(35,615)
Title III	84.365	S365A180030	7/01/17-6/30/18	42,466	(13,773)	-	-	13,773	-	-	-	-	-	-	-	-	-
Title III	84.365	S365A170030	7/01/18-6/30/19	36,307	-	-	-	26,304	33,172	\$ 3,135	\$ (3,135)	(6,868)	-	-	-	-	(6,868)
Title III Immigrant	84.365	S011A180030	7/01/18-6/30/19	13,498	-	-	-	-	13,498	-	-	(13,498)	-	-	-	-	(13,498)
Title III Immigrant	84.365	S365A170030	7/01/17-6/30/18	11,909	(11,909)	-	-	11,909	-	-	-	-	-	-	-	-	-
Total Title III					(25,682)	-	-	51,986	46,670	-	3,135	(3,135)	(20,366)	-	-	-	(20,366)
Title IV	84.424	S424A180031	7/01/17-6/30/18	10,300	(10,300)	-	-	10,300	-	-	-	-	-	-	-	-	-
Title IV	84.424	S424A170031	7/01/18-6/30/19	45,807	-	-	-	45,717	45,807	-	-	-	(90)	-	-	-	(90)
Total Title IV					(10,300)	-	-	56,017	45,807	-	-	-	(90)	-	-	-	(90)
IDEA Part B - Basic	84.027	H027A170100	7/01/17-6/30/18	788,277	(54,090)	\$ 14,790	\$ (14,790)	39,300	-	\$ 14,790	-	-	-	-	-	-	-
IDEA Part B - Basic	84.027	H027A180100	7/01/18-6/30/19	785,476	-	-	-	783,020	788,820	(14,790)	-	(17,246)	\$ 11,446	-	-	-	(5,800)
IDEA Part B - Preschool	84.173	H173A180114	7/01/18-6/30/19	26,862	-	-	-	26,862	26,862	-	-	-	-	-	-	-	-
Total IDEA Part B					(54,090)	14,790	-	849,182	815,682	-	-	-	(17,246)	11,446	-	-	(5,800)
Carl D. Perkins Grant	84.048	V048A170030	7/01/18-6/30/19	27,349	-	-	-	27,217	27,349	-	-	-	(132)	-	-	-	(132)
Carl D. Perkins Grant	84.048	V048A170030	7/01/17-6/30/18	26,633	(6,213)	-	-	6,213	-	-	-	-	-	-	-	-	-
Total Carl D. Perkins Grant					(6,213)	-	-	33,430	27,349	-	-	-	(132)	-	-	-	(132)
Temporary Emergency Impact Aid	84938C		7/01/17-6/30/18	13,750	(13,750)	-	-	13,750	-	-	-	-	-	-	-	-	-
Total Special Revenue Fund					(332,658)	14,790	-	1,831,342	1,809,006	-	3,135	(3,135)	(306,978)	11,446	-	-	(295,532)
Total U.S. Department of Education					(332,658)	14,790	-	1,981,405	1,959,069	-	3,135	(3,135)	(306,978)	11,446	-	-	(295,532)
U.S.D.A. Department of Agriculture																	
Passed Through State Department of Education																	
School Breakfast Program	10.553	191NJ304N1099	7/01/18-6/30/19	55,243	-	-	-	46,173	55,243	-	-	-	(9,070)	-	-	-	(9,070)
School Breakfast Program	10.553	181NJ304N1099	7/01/17-6/30/18	47,020	(2,138)	-	-	2,138	-	-	-	-	-	-	-	-	-
National School Lunch Program	10.555	191NJ304N1099	7/01/18-6/30/19	743,310	-	-	-	618,534	743,310	-	-	(124,776)	-	-	-	-	(124,776)
National School Lunch Program	10.555	181NJ304N1099	7/01/17-6/30/18	732,819	(37,528)	-	-	37,528	-	-	-	-	-	-	-	-	-
Special Milk Program for Children	10.556	191NJ304N1099	7/01/18-6/30/19	958	-	-	-	771	958	-	-	(187)	-	-	-	-	(187)
Special Milk Program for Children	10.556	181NJ304N1099	7/01/17-6/30/18	1,386	(76)	-	-	76	-	-	-	-	-	-	-	-	-
Non-Cash Assistance (Food Distribution)	10.555	191NJ304N1099	7/01/18-6/30/19	99,253	-	-	-	99,253	96,943	-	-	-	2,310	-	-	-	-
Non-Cash Assistance (Food Distribution)	10.555	181NJ304N1099	7/01/17-6/30/18	105,598	-	-	2,216	-	2,216	-	-	-	-	-	-	-	-
Total U.S.D.A. Department of Agriculture					(39,742)	-	2,216	804,473	898,670	-	-	-	(134,033)	2,310	-	-	(134,033)
Total Federal Financial Awards					\$ (372,400)	\$ 14,790	\$ 2,216	\$ -	\$ 2,785,878	\$ 2,857,739	\$ -	\$ 3,135	\$ (3,135)	\$ (441,011)	\$ 13,756	\$ -	\$ (429,565)

LODI BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	General Fund Contribution	Repayment of Prior Year Balances	Balance June 30, 2019			Memorandum		
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
General Fund:															
Equalization Aid	19-495-034-5120-078	7/01/18-6/30/19	\$ 13,824,876			\$ 12,602,448	\$ 13,824,876				\$ (1,222,428)			\$ 13,824,876	
Equalization Aid	18-495-034-5120-078	7/01/17-6/30/18	13,086,190	(1,075,026)		1,075,026					-				
Special Education Aid	19-495-034-5120-089	7/01/18-6/30/19	2,835,516			2,584,793	2,835,516				(250,723)			2,835,516	
Special Education Aid	18-495-034-5120-089	7/01/17-6/30/18	2,123,388	(174,435)		174,435					-				
Security Aid	19-495-034-5120-084	7/01/18-6/30/19	1,028,863			937,888	1,028,863				(90,975)			1,028,863	
Security Aid	18-495-034-5120-084	7/01/17-6/30/18	255,334	(20,976)		20,976					-				
Under Adequacy Aid	18-495-034-5120-096	7/01/17-6/30/18	76,849	(6,313)		6,313					-				
Parce Readiness Aid	18-495-034-5120-098	7/01/17-6/30/18	35,130	(2,886)		2,886					-				
Per Pupil Growth Aid	18-495-034-5120-097	7/01/17-6/30/18	35,130	(2,886)		2,886					-				
Professional Learning Community Aid	18-495-034-5120-101	7/01/17-6/30/18	33,730	(2,771)		2,771					-				
Total State Aid Public				(1,285,293)		17,410,422	17,689,255				(1,564,126)			17,689,255	
Transportation Aid	19-495-034-5120-014	7/01/18-6/30/19	674,487			614,847	674,487				(59,640)			674,487	
Transportation Aid	18-495-034-5120-014	7/01/17-6/30/18	154,483	(12,691)		12,691					-				
Extraordinary Aid	19-100-034-5120-473	7/01/18-6/30/19	1,131,795				1,131,795				(1,131,795)			1,131,795	
Extraordinary Aid	18-100-034-5120-473	7/01/17-6/30/18	691,590	(691,590)		694,278	2,688				-			2,688	
TPAF Social Security Contribution	19-495-034-5094-003	7/01/18-6/30/19	1,506,879			1,433,583	1,506,879				(73,296)		\$ (73,296)	1,506,879	
TPAF Social Security Contribution	18-495-034-5094-003	7/01/17-6/30/18	1,530,576	(71,314)		71,314					-				
TPAF Pension Contribution - NCGI	19-495-034-5094-004	7/01/18-6/30/19	78,247			78,247	78,247				-			78,247	
TPAF Pension Contribution	19-495-034-5094-002	7/01/18-6/30/19	3,738,034			3,738,034	3,738,034				-			3,738,034	
TPAF Pension Contribution - Post Retirement	19-495-034-5094-001	7/01/18-6/30/19	1,731,059			1,731,059	1,731,059				-			1,731,059	
TPAF Long Term Disability	19-495-034-5094-004	7/01/18-6/30/19	3,438			3,438	3,438				-			3,438	
Total General Fund				(2,060,888)		25,787,913	26,555,882				(2,828,857)			(73,296)	26,555,882
Special Revenue Fund:															
Preschool Education Aid	19-495-034-5120-086	7/01/18-6/30/19	508,530		\$ 90,194	457,677	643,268	\$ 134,187			(50,853)	\$ 89,643		643,268	
Preschool Education Aid	18-495-034-5120-086	7/01/17-6/30/18	486,005	41,594	(90,194)	48,600					-				
New Jersey Nonpublic Aid:															
Nursing Aid	19-100-034-5120-070	7/01/18-6/30/19	21,049			21,049	21,049							21,049	
Textbooks	19-100-034-5120-064	7/01/18-6/30/19	11,534			11,534	10,582					\$ 952		10,582	
Technology Aid	19-100-034-5120-373	7/01/18-6/30/19	7,776			7,776	7,776							7,776	
Security Aid	19-100-034-5120-509	7/01/18-6/30/19	32,550			32,550	32,071						479	32,071	
Auxiliary Services:															
Compensatory Education	19-100-034-5120-067	7/01/18-6/30/19	77,666			77,666	60,743						16,923	60,743	
Compensatory Education	18-100-034-5120-067	7/01/17-6/30/18	48,721	13,022					13,022						
Home Instruction	18-100-034-5120-067	7/01/17-6/30/18	2,474	(2,474)		2,474									
Handicapped Services:															
Supplemental Instruction	19-100-034-5120-066	7/01/18-6/30/19	23,789			23,789	20,381						3,408	20,381	
Supplemental Instruction	18-100-034-5120-066	7/01/17-6/30/18	22,679	1,428					1,428						
Examination and Classification	19-100-034-5120-066	7/01/18-6/30/19	21,665			21,665	20,028						1,637	20,028	
Examination and Classification	18-100-034-5120-066	7/01/17-6/30/18	23,303	6,187					6,187						
Total Special Revenue Fund				59,757		704,780	815,898	134,187	20,637		(50,853)	89,643	23,399	815,898	
Debt Service Fund:															
Debt Service Aid	19-495-034-5120-075	7/01/18-6/30/19	90,894			90,894	90,894							90,894	

**LODI BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$765,987 for the general fund and an increase of \$394 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	\$ 150,063	\$ 25,789,895	\$ 25,939,958
Special Revenue Fund	1,810,773	680,338	2,491,111
Debt Service Fund		90,894	90,894
Food Service Fund	<u>898,670</u>	<u>16,245</u>	<u>914,915</u>
Total Financial Assistance	<u>\$ 2,859,506</u>	<u>\$ 26,577,372</u>	<u>\$ 29,436,878</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, 2019****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 \$1,506,879 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$3,816,281, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,731,059 and TPAF Long-Term Disability Insurance in the amount of \$3,438 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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, 2019**

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>84.010</u>	<u>S010A180030</u>	<u>Title I</u>
<u>84.027</u>	<u>H027A180100</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>H173A180114</u>	<u>IDEA Preschool</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, 2019**

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?

yes no

Internal Control over major programs:

(1) Material weakness(es) identified

yes no

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

yes 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 no

Identification of major state programs:

GMIS Number(s)	Name of State Program
19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Aid
19-495-034-5120-084	Security Aid
19-100-034-5120-473	Extraordinary Aid
19-495-034-5094-003	TPAF FICA Reimbursement

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

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, 2019**

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.