

LODI BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Lodi, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the
Lodi Board of Education
Lodi, New Jersey
For The Fiscal Year Ended June 30, 2023**

**Prepared by
Business Office**

**LODI BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5

FINANCIAL SECTION

Independent Auditor's Report	6-8
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis	9-19
--------------------------------------	------

Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	20
A-2 Statement of Activities	21

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	24

Proprietary Funds

B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Net Position	26
B-6 Statement of Cash Flows	27

Fiduciary Funds – Not Applicable

Notes to the Financial Statements	28-65
-----------------------------------	-------

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1 Budgetary Comparison Schedule – General Fund	66-71
C-2 Budgetary Comparison Schedule – Special Revenue Fund	72
C-3 Budgetary Comparison Schedule – Notes to Required Supplementary Information	73

**LODI BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions and Other Postemployment Benefits

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	74
L-2	Required Supplementary Information – Schedule of the District Contributions – Public Employees Retirement System	75
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	76
L-4	Notes to Required Supplementary Information – Net Pension Liability	77

M. Schedules Related to Accounting and Reporting for Post-Employment Benefits Other Than Pensions

M-1	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total Other Post-Employment Benefits Liability	78
M-2	Notes to Required Supplementary Information – OPEB Liability	79

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	80-82
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis	83

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	84
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	85
F-2a- F-2c	Schedule of Project Revenues, Expenditures, Project Balances and and Project Status	86-88

G. Proprietary Funds

G-1	Combining Statement of Net Position – Not Applicable	89
G-2	Combining Statements of Revenues, Expenses and Changes in Net Position – Not Applicable	89
G-3	Combining Statement of Cash Flows – Not Applicable	89

H. Fiduciary Funds – Not Applicable

I. Long-Term Debt

I-1	Schedule of Serial Bonds – Not Applicable	90
I-2	Obligations under Capital Financing Agreements	91
I-3	Debt Service Fund Budgetary Comparison Schedule	92

**LODI BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	93
J-2	Changes in Net Position	94-95
J-3	Fund Balances – Governmental Funds	96
J-4	Changes in Fund Balances - Governmental Funds	97
J-5	General Fund Other Local Revenues by Source	98
J-6	Assessed Value and Actual Value of Taxable Property	99
J-7	Property Tax Rates – Direct and Overlapping Governments	100
J-8	Principal Property Taxpayers	101
J-9	Property Tax Levies and Collections	102
J-10	Ratios of Outstanding Debt by Type	103
J-11	Ratios of Net General Bonded Debt Outstanding	104
J-12	Computation of Direct and Overlapping Debt	105
J-13	Legal Debt Margin Information	106
J-14	Demographic and Economic Statistics	107
J-15	Principal Employers	108
J-16	Full-Time Equivalent District Employees by Function/Program	109
J-17	Operating Statistics	110
J-18	School Building Information	111
J-19	Schedule of Required Maintenance for School Facilities	112
J-20	Schedule of Insurance	113

K SINGLE AUDIT SECTION

K-1	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	114-115
K-2	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	116-118
K-3	Schedule of Expenditures of Federal Awards	119-120
K-4	Schedule of State Financial Assistance	121-122
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	123-124
K-6	Schedule of Findings and Questioned Costs –Summary of Auditor’s Results	125-126
K-6	Schedule of Findings and Questioned Costs – Schedule of Financial Statement Findings – Part 2 Schedule Financial Statement Findings	127-129
K-6	Schedule of Findings and Questioned Costs – Part 3 Schedule of Federal and State Award Findings and Questioned Costs	130-132
K-7	Summary Schedule of Prior Audit Findings	133

INTRODUCTORY SECTION



BUSINESS OFFICE
8 Hunter Street, Lodi, NJ 07644
973-778-4920 (Fax) 973-778-1175
michael.rinderknecht@lodi.k12.nj.us

Michael Rinderknecht
Interim Business Administrator/Board Secretary

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

November 14, 2023

Dear Board Members:

The annual comprehensive financial report of the Lodi Board of Education for the fiscal year ended June 30, 2023, 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 annual comprehensive 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, supplementary information, 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 *GASE 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 forhandicapped 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, 2023.

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, & Bliss, 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.

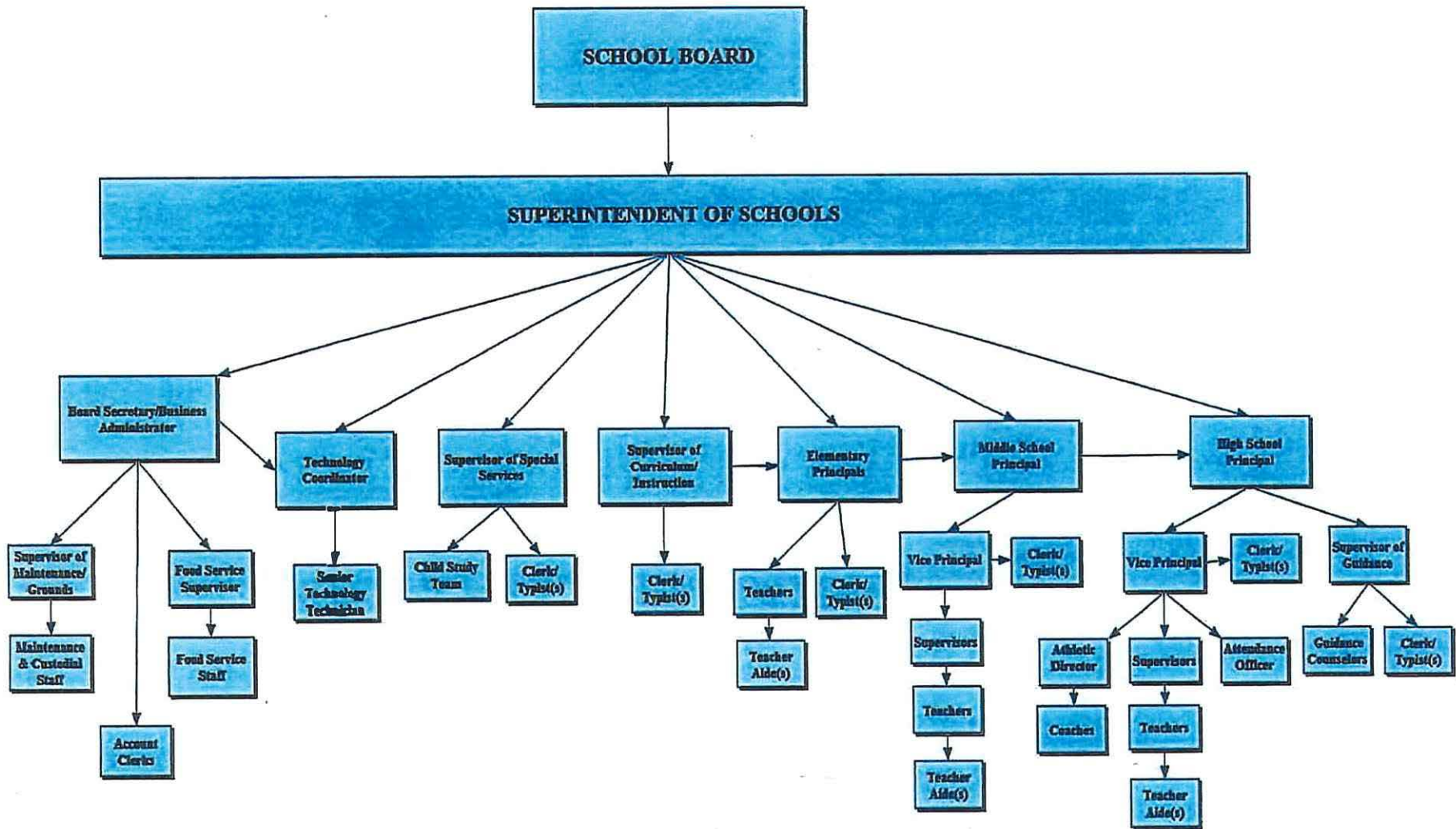

Michael Rinderknecht
Interim Board Secretary/Business Administrator


Frank D'Amico
Acting Superintendent of Schools

11/14/23
Date

11/14/23
Date

Lodi Board of Education Organizational Plan and Flow Chart



LODI BOARD OF EDUCATION
Lodi, New Jersey

Roster of Officials
June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Nancy Cardone, President	2025
Dr. Laura E. Cima, Vice President	2024
Ms. Jocelyn Anderson	2024
Mr. Alfonso Mastrofilipo Jr.	2026
Mr. John Cannizzaro	2024
Mr. Joseph Ramos	2026
Ms. Paula Cortez	2023
Ms. Sharon Salvacion	2023
Ms. Yadiria Jimenez	2023

Frank D'Amico, Acting Superintendent of Schools
Michael Rinderknecht, Interim School Business Administrator/Board Secretary

LODI BOARD OF EDUCATION

Consultants & Advisors

June 30, 2023

Independent Audit Firm

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

Attorney

Cleary, Giacobbe, Alfieri, Jacobs, LLC
169 Ramapo Valley Road
Oakland, NJ 07436

Official Depositories

Valley National Bank
TD Bank North
The Bank of New York, Mellon

FINANCIAL SECTION

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Lodi Board of Education
8 Hunter Street
Lodi, New Jersey 07644

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Lodi Board of Education, as of and for the fiscal year ended June 30, 2023 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.

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 and each major fund of the Lodi Board of Education as of June 30, 2023, 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.

Basis for Opinions

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 Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lodi Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lodi Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lodi Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lodi Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and 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.

Supplementary 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 accompanying 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. Such information is the responsibility of management and was derived from and relate 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 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 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.

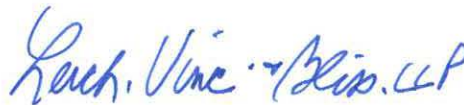
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2023 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 solely 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 & BLISS, LLP
Certified Public Accountants
Public School Accountants



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

This section of Lodi Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- The 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 \$14,877,118 (net position).
- Overall District revenues were \$88,257,886 General revenues accounted for \$64,572,701 or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23,685,185 of total revenues.
- The School District had \$74,973,362 in expenses for governmental activities; only \$21,792,523 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$64,551,740 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 \$18,999,667 an increase of \$948,981 when compared to the ending fund balance at June 30, 2022 of \$18,050,686.
- The General Fund unassigned fund balance at June 30, 2023 was in a deficit position of \$2,043,667, a decrease of \$1,434,632 when compared with the ending fund balance deficit of \$609,035 at June 30, 2022.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$2,575,120 which represents a decrease of \$1,018,556 when compared to the ending unassigned fund balance at June 30, 2022 of \$3,593,676.

LODI BOARD OF EDUCATION

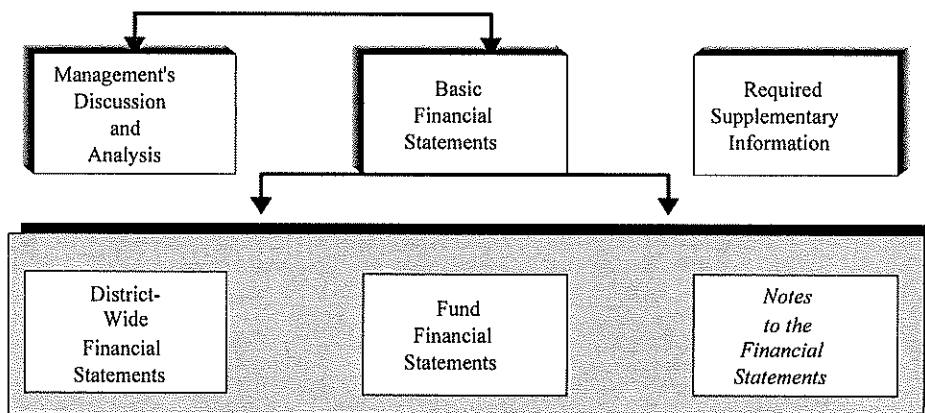
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's 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.
 - 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.

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



LODI BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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
Scope	Entire district	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
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
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, 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, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term
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.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

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 it has 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

- Over time, increases or decreases in the District's net position are 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 instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts 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 here.

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).

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (Continued)

The District has two 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. The District's Enterprise Fund is 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.

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 fund 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.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. 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 if required.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,877,118 and \$3,339,701 as of June 30, 2023 and 2022 (restated), respectively, as shown below.

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, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u> <u>(Restated)</u>	<u>2023</u>	<u>2022</u> <u>(Restated)</u>	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
Assets						
Current Assets	\$ 23,794,574	\$ 23,656,747	\$ 828,016	\$ 730,533	\$ 24,622,590	\$ 24,387,280
Capital Assets	11,160,490	7,089,314	60,336	53,990	11,220,826	7,143,304
Total Assets	<u>34,955,064</u>	<u>30,746,061</u>	<u>888,352</u>	<u>784,523</u>	<u>35,843,416</u>	<u>31,530,584</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	367,955	201,022	-	-	367,955	201,022
Total Assets & Deferred Outflows of Resources	<u>35,323,019</u>	<u>30,947,083</u>	<u>888,352</u>	<u>784,523</u>	<u>36,211,371</u>	<u>31,731,606</u>
Liabilities						
Long-Term Liabilities	14,743,044	13,678,349			14,743,044	13,678,349
Other Liabilities	4,969,006	5,625,525	67,330	82,651	5,036,336	5,708,176
Total Liabilities	<u>19,712,050</u>	<u>19,303,874</u>	<u>67,330</u>	<u>82,651</u>	<u>19,779,380</u>	<u>19,386,525</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			-	633	-	633
Deferred Amounts on Net Pension Liability	1,554,873	3,778,362	-	-	1,554,873	3,778,362
Total Liabilities & Deferred Inflows of Resources	<u>21,266,923</u>	<u>23,082,236</u>	<u>67,330</u>	<u>83,284</u>	<u>21,334,253</u>	<u>23,165,520</u>
Net Position						
Net Investment in Capital Assets	8,720,790	1,909,662	60,336	7,257	8,781,126	1,916,919
Restricted	7,889,654	3,356,171			7,889,654	3,356,171
Unrestricted (Deficit)	(2,554,348)	(2,580,638)	760,686	647,249	(1,793,662)	(1,933,389)
Total Net Position	<u>\$ 14,056,096</u>	<u>\$ 2,685,195</u>	<u>\$ 821,022</u>	<u>\$ 654,506</u>	<u>\$ 14,877,118</u>	<u>\$ 3,339,701</u>

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

The changes in net position for fiscal years ended 2023 and 2022 are as follows:

Changes in Net Position						
For the Fiscal Years June 30, 2023 and 2022						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for Services	\$ 368,492	\$ 196,958	\$ 533,954	\$ 1,955	\$ 902,446	\$ 198,913
Grants and Contributions	18,239,643	20,773,009	1,358,708	1,941,753	19,598,351	22,714,762
Capital Grants and Contributions	3,184,388				3,184,388	-
General Revenues						
Property Taxes	39,060,220	39,148,169			39,060,220	39,148,169
State and Federal Aid	24,370,797	19,496,349			24,370,797	19,496,349
Other	1,120,723	442,733	20,961	439	1,141,684	443,172
Total Revenues	<u>86,344,263</u>	<u>80,057,218</u>	<u>1,913,623</u>	<u>1,944,147</u>	<u>88,257,886</u>	<u>82,001,365</u>
Expenses						
Instruction						
Regular	28,941,844	28,766,895			28,941,844	28,766,895
Special Education	16,928,985	17,028,138			16,928,985	17,028,138
Other Instruction	2,203,241	2,070,017			2,203,241	2,070,017
School Sponsored Activities and Athletics	1,437,791	1,269,884			1,437,791	1,269,884
Support Services						
Student and Instruction Related Services	11,846,460	9,858,404			11,846,460	9,858,404
General Administrative Services	1,064,976	1,050,380			1,064,976	1,050,380
School Administrative Services	3,086,202	3,255,892			3,086,202	3,255,892
Plant Operations and Maintenance	4,242,403	5,036,971			4,242,403	5,036,971
Pupil Transportation	4,098,309	3,562,600			4,098,309	3,562,600
Central Services	968,516	1,010,260			968,516	1,010,260
Interest on Long Term Debt and Other Chgs	154,635	23,129			154,635	23,129
Food Services	-	-	1,747,107	1,639,731	1,747,107	1,639,731
Total Expenses	<u>74,973,362</u>	<u>72,932,570</u>	<u>1,747,107</u>	<u>1,639,731</u>	<u>76,720,469</u>	<u>74,572,301</u>
Net Change in Net Position	11,370,901	7,124,648	166,516	304,416	11,537,417	7,429,064
Net Position, Beginning of Year	2,685,195	740,199	654,506	396,823	3,339,701	1,137,022
Prior Period Adjustment	-	(5,179,652)	-	(46,733)	-	(5,226,385)
Net Position, End of Year	<u>\$ 14,056,096</u>	<u>\$ 2,685,195</u>	<u>\$ 821,022</u>	<u>\$ 654,506</u>	<u>\$ 14,877,118</u>	<u>\$ 3,339,701</u>

LODI BOARD OF EDUCATION

Management’s Discussion and Analysis

Governmental Activities

As discussed, the financial position of the District improved significantly. However, maintaining existing programs with decreased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District’s resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Total and Net Cost of Governmental Activities. The following schedule presents the District’s total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2023 and 2022.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction				
Regular	\$ 28,941,844	\$ 28,766,895	\$ 23,515,095	\$ 21,716,697
Special Education	16,928,985	17,028,138	10,520,557	10,554,582
Other Instruction	2,203,241	2,070,017	1,403,352	1,533,996
School Sponsored Activities and Athletics	1,437,791	1,269,884	1,048,376	953,292
Support Services				
Student and Instruction Related Services	11,846,460	9,858,404	9,393,355	7,809,348
General Administrative Services	1,064,976	1,050,380	979,738	988,114
School Administrative Services	3,086,202	3,255,892	2,617,524	2,563,704
Plant Operations and Maintenance	4,242,403	5,036,971	(573,876)	2,128,626
Pupil Transportation	4,098,309	3,562,600	3,284,067	2,890,499
Central Services	968,516	1,010,260	838,016	801,031
Interest on Long-Term Debt and Other Chgs	154,635	23,129	154,635	22,714
	<u>\$ 74,973,362</u>	<u>\$ 72,932,570</u>	<u>\$ 53,180,839</u>	<u>\$ 51,962,603</u>
Total				

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

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, unreserved 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 \$18,999,667, an increase of \$948,981 from last year’s fund balance of \$18,050,686.

Revenues for the District’s governmental funds were \$90,601,285; total expenditures were \$89,652,304.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues and other financing sources of the General Fund were \$87,659,770 for the fiscal year ended June 30, 2023. State sources amounts to \$42,442,886, federal sources amounts to \$685,589 and local sources amounts to \$40,074,671.

Expenditures and other financing uses of the General Fund were \$82,591,643. Instructional expenditures were \$49,354,796 for support services were \$26,071,777 and capital expenditures totaled \$1,648,795 for the fiscal year ended June 30, 2023.

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

Revenues and other financing sources of the Special Revenue Fund were \$7,853,532 for the fiscal year ended June 30, 2023. State sources amounts to \$687,527, federal sources amounts to \$6,236,048 and local sources amounts to \$393,482.

Expenditures of the Special Revenue Fund were \$7,854,676. Instructional expenditures were \$3,493,383 for support services were \$1,176,905 and capital expenditures totaled \$3,184,388 for the fiscal year ended June 30, 2023.

Capital Projects - The capital projects expenditures and other financing uses exceeded revenues and other financing sources by \$4,118,002 decreasing the fund balance from \$7,611,963 at June 30, 2022 to \$3,493,961 at June 30, 2023.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

Enterprise Fund - 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 this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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 June 30, 2022 encumbrances.
- Appropriation of 2021/22 Extraordinary Aid

LODI BOARD OF EDUCATION

Management’s Discussion and Analysis

CAPITAL ASSETS

The District’s investment in capital assets for its governmental and business type activities as of June 30, 2023 and 2022 amounts to \$11,160,490 and \$60,336 (net of accumulated depreciation), respectively. The capital assets consist of land, land improvements, buildings and building improvements and various other types of equipment. Depreciation charges for the fiscal year 2022-2023 amounted to \$304,615 for governmental activities and \$10,494 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2023 and 2022.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 632,418	\$ 632,418			\$ 632,418	\$ 632,418
Land Improvements	573,467	175,680			573,467	175,680
Building and Building Improvements	4,235,780	12,585			4,235,780	12,585
Machinery and Equipment	996,565	1,641,649	\$ 60,336	\$ 53,990	1,056,901	1,695,639
Construction in Progress	<u>4,722,260</u>	<u>4,626,982</u>	<u>-</u>	<u>-</u>	<u>4,722,260</u>	<u>4,626,982</u>
Total Capital Assets (Net)	<u>\$ 11,160,490</u>	<u>\$ 7,089,314</u>	<u>\$ 60,336</u>	<u>\$ 53,990</u>	<u>\$ 11,220,826</u>	<u>\$ 7,143,304</u>

Additional information on the District’s capital assets are presented in the Notes to the Financial Statements.

LONG TERM LIABILITIES

At June 30, 2023, the District’s long-term liabilities consisted of compensated absences payable of \$2,704,533, capital financing agreements of \$5,611,325 and net pension liability of \$6,427,186 totaling \$14,743,044. This is in comparison to long-term liabilities at June 30, 2022 of \$13,678,349 or an increase of \$1,064,695.

Additional information on the District’s long-term liabilities are presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Many factors were considered by the District’s administration during the process of developing the fiscal year 2023-2024 budget. The primary factors were the District’s projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District’s aging facilities.

These expenditures are to be paid for by the mandated 2% CAP on the property tax levy with certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be permitted.

LODI BOARD OF EDUCATION

Management's Discussion and Analysis

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 Business Office, Lodi Board of Education, 8 Hunter Street, Lodi, NJ 07644.

FINANCIAL STATEMENTS

**LODI BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 18,436,657	\$ 720,797	\$ 19,157,454
Cash with Fiscal Agents	2,851,637		2,851,637
Receivables, net			
Receivables from Other Governments	2,495,280	57,259	2,552,539
Other	11,000		11,000
Inventory		49,960	49,960
Capital Assets			
Not Being Depreciated	5,354,678		5,354,678
Being Depreciated, Net	<u>5,805,812</u>	<u>60,336</u>	<u>5,866,148</u>
Total Assets	<u>34,955,064</u>	<u>888,352</u>	<u>35,843,416</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>367,955</u>	<u>-</u>	<u>367,955</u>
Total Deferred Outflows of Resources	<u>367,955</u>	<u>-</u>	<u>367,955</u>
Total Assets and Deferred Outflows of Resources	<u>35,323,019</u>	<u>888,352</u>	<u>36,211,371</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	3,847,127	56,385	3,903,512
Payable to Other Governments	152,747		152,747
Accrued Interest Payable	174,099		174,099
Unearned Revenue	795,033	10,945	805,978
Noncurrent Liabilities			
Due Within One Year	707,115		707,115
Due Beyond One Year	<u>14,035,929</u>	<u>-</u>	<u>14,035,929</u>
Total Liabilities	<u>19,712,050</u>	<u>67,330</u>	<u>19,779,380</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,554,873</u>	<u>-</u>	<u>1,554,873</u>
Total Deferred Inflows of Resources	<u>1,554,873</u>	<u>-</u>	<u>1,554,873</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,266,923</u>	<u>67,330</u>	<u>21,334,253</u>
NET POSITION			
Net Investment in Capital Assets	8,720,790	60,336	8,781,126
Restricted for:			
Capital Projects	7,774,409		7,774,409
Other Purposes	115,245		115,245
Unrestricted	<u>(2,554,348)</u>	<u>760,686</u>	<u>(1,793,662)</u>
Total Net Position	<u>\$ 14,056,096</u>	<u>\$ 821,022</u>	<u>\$ 14,877,118</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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 28,941,844		\$ 5,426,749		\$ (23,515,095)		\$ (23,515,095)
Special Education	16,928,985		6,408,428		(10,520,557)		(10,520,557)
Other Instruction	2,203,241		799,889		(1,403,352)		(1,403,352)
School Sponsored Activities and Athletics	1,437,791	\$ 368,492	20,923		(1,048,376)		(1,048,376)
Support Services							
Student and Instruction Related Services	11,846,460		2,453,105		(9,393,355)		(9,393,355)
General Administrative Services	1,064,976		85,238		(979,738)		(979,738)
School Administrative Services	3,086,202		468,678		(2,617,524)		(2,617,524)
Plant Operations and Maintenance	4,242,403		1,631,891	\$ 3,184,388	573,876		573,876
Pupil Transportation	4,098,309		814,242		(3,284,067)		(3,284,067)
Central Services	968,516		130,500		(838,016)		(838,016)
Interest on Long-Term Debt and Other Charges	154,635	-	-	-	(154,635)	-	(154,635)
Total Governmental Activities	74,973,362	368,492	18,239,643	3,184,388	(53,180,839)	-	(53,180,839)
Business-Type Activities							
Food Service	1,747,107	\$ 533,954	1,358,708	-	-	\$ 145,555	145,555
Total Business-Type Activities	1,747,107	533,954	1,358,708	-	-	145,555	145,555
Total Primary Government	\$ 76,720,469	\$ 902,446	\$ 19,598,351	\$ 3,184,388	(53,180,839)	145,555	(53,035,284)
Balance, Carry Forward					\$ (53,180,839)	\$ 145,555	\$ (53,035,284)
General Revenues							
Property Taxes, General Purposes					39,060,220		39,060,220
State Aid - Unrestricted					24,370,797		24,370,797
Miscellaneous Income					1,120,723	20,961	1,141,684
Total General Revenues					64,551,740	20,961	64,572,701
Change in Net Position					11,370,901	166,516	11,537,417
Net Position, July 1, 2022, Restated					2,685,195	654,506	3,339,701
Net Position, June 30, 2023					\$ 14,056,096	\$ 821,022	\$ 14,877,118

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

FUND FINANCIAL STATEMENTS

LODI BOARD OF EDUCATION
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 AS OF JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	\$ 13,521,230	\$ 115,245	\$ 4,800,182	\$ 18,436,657
Receivables from Other Governments	82,840	2,412,440		2,495,280
Other Receivables		11,000		11,000
Due From Other Funds	3,784,260			3,784,260
Restricted Assets				
Cash with Fiscal Agents	-	-	2,851,637	2,851,637
Total Assets	<u>\$ 17,388,330</u>	<u>\$ 2,538,685</u>	<u>\$ 7,651,819</u>	<u>\$ 27,578,834</u>
LIABILITIES and FUND BALANCES				
Liabilities				
Accounts Payable	\$ 1,944,124	\$ 1,380,207	\$ 469,051	\$ 3,793,382
Accrued Salaries and Wages	5,739			5,739
Payroll Deductions Payable	48,006			48,006
Due To Other Funds		95,453	3,688,807	3,784,260
Payables to Other Governments		152,747		152,747
Unearned Revenue	-	795,033	-	795,033
Total Liabilities	<u>1,997,869</u>	<u>2,423,440</u>	<u>4,157,858</u>	<u>8,579,167</u>
Fund Balances				
Restricted				
Capital Reserve	6,952,073			6,952,073
Capital Reserve Designated for Subsequent Year's (2023/24) Budget	500,000			500,000
Excess Surplus	3,689,303			3,689,303
Excess Surplus - Designated for Subsequent Year's (2023/24) Budget	3,870,457			3,870,457
Student Activities		115,245		115,245
Capital Projects			3,493,961	3,493,961
Committed				
Encumbrances	131,145			131,145
Assigned				
Encumbrances	184,256			184,256
Designated for Subsequent Year's (2023/24) Budget	2,106,894			2,106,894
Unassigned	(2,043,667)	-	-	(2,043,667)
Total Fund Balances	<u>15,390,461</u>	<u>115,245</u>	<u>3,493,961</u>	<u>18,999,667</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 17,388,330</u>	<u>\$ 2,538,685</u>	<u>\$ 7,651,819</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 \$24,072,692 and the accumulated depreciation is \$12,912,202. 11,160,490

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (174,099)

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

Capital Financing Agreement	\$ (5,611,325)	
Compensated Absences Payable	(2,704,533)	
Net Pension Liability	<u>(6,427,186)</u>	
		(14,743,044)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	367,955	
Deferred Inflows of Resources	<u>(1,554,873)</u>	
		<u>(1,186,918)</u>
		<u>\$ 14,056,096</u>

**LODI BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Taxes	\$ 39,060,220			\$ 39,060,220
Interest	127,064		\$ 81,282	208,346
Miscellaneous	887,387	\$ 393,482	-	1,280,869
	<u>40,074,671</u>	<u>393,482</u>	<u>81,282</u>	<u>40,549,435</u>
Total - Local Sources				
State Sources	42,442,686	687,527		43,130,213
Federal Sources	685,589	6,236,048	-	6,921,637
	<u>43,128,275</u>	<u>6,923,575</u>	<u>-</u>	<u>49,051,850</u>
Total Revenues	<u>83,202,946</u>	<u>7,317,057</u>	<u>81,282</u>	<u>90,601,285</u>
EXPENDITURES				
Current				
Instruction				
Regular Instruction	29,552,220	1,808,904		31,361,124
Special Education Instruction	16,648,944	828,547		17,477,491
Other Instruction	1,930,355	486,296		2,416,651
School Sponsored Activities and Athletics	1,223,277	369,636		1,592,913
Support Services				
Student and Instruction Related Services	11,917,181	1,010,178		12,927,359
General Administrative Services	1,107,975			1,107,975
School Administrative Services	3,489,205			3,489,205
Plant Operations and Maintenance	4,522,749	26,378		4,549,127
Pupil Transportation	3,957,960	140,349		4,098,309
Central Services	1,076,707			1,076,707
Capital Outlay	1,648,795	3,184,388	4,722,260	9,555,443
	<u>77,075,368</u>	<u>7,854,676</u>	<u>4,722,260</u>	<u>89,652,304</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,127,578</u>	<u>(537,619)</u>	<u>(4,640,978)</u>	<u>948,981</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	4,456,824	536,475	4,979,800	9,973,099
Transfers Out	(5,516,275)	-	(4,456,824)	(9,973,099)
	<u>(1,059,451)</u>	<u>536,475</u>	<u>522,976</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	5,068,127	(1,144)	(4,118,002)	948,981
Fund Balance, Beginning of Year	<u>10,322,334</u>	<u>116,389</u>	<u>7,611,963</u>	<u>18,050,686</u>
Fund Balance, End of Year	<u>\$ 15,390,461</u>	<u>\$ 115,245</u>	<u>\$ 3,493,961</u>	<u>\$ 18,999,667</u>

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, 2023**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 948,981

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 capital outlay exceeds depreciation expense in the current period.

Capital Outlay	\$ 9,555,443	
Depreciation Expense	<u>(304,615)</u>	9,250,828

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		175,676
----------------------------------	--	---------

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):

Decrease in Pension Expense-Public Employees' Retirement System		1,150,051
---	--	-----------

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.

Increase in Accrued Interest		<u>(154,635)</u>
------------------------------	--	------------------

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 11,370,901**

**LODI BOARD OF EDUCATION
 PROPRIETARY FUNDS
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2023**

ASSETS

Current Assets

Cash	\$ 720,797
Intergovernmental Accounts Receivable	
State	2,452
Federal	54,807
Inventory	<u>49,960</u>
 Total Current Assets	 <u>828,016</u>

Capital Assets:

Machinery and Equipment	426,852
Less: Accumulated Depreciation	<u>(366,516)</u>

Total Capital Assets, Net	<u>60,336</u>
---------------------------	---------------

Total Assets	<u>888,352</u>
--------------	----------------

LIABILITIES

Current Liabilities

Accounts Payable	56,385
Unearned Revenue	<u>10,945</u>

Total Current Liabilities	<u>67,330</u>
---------------------------	---------------

Total Liabilities	<u>67,330</u>
-------------------	---------------

NET POSITION

Investment in Capital Assets	60,336
Unrestricted	<u>760,686</u>

Total Net Position	<u>\$ 821,022</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, 2023**

OPERATING REVENUES

Charges for Services		
Daily Sales		
Reimbursable Programs	\$	20,809
Non-Reimbursable Programs		453,801
Miscellaneous		<u>59,344</u>
 Total Operating Revenues		 <u>533,954</u>

OPERATING EXPENSES

Cost of Sales		
Reimbursable Programs		496,876
Non-Reimbursable Programs		196,968
USDA Commodities		115,219
Salaries and Wages		599,371
Employee Benefits		39,411
Insurance		53,700
Management Fee		64,663
Other Expenses		108,690
Supplies and Materials		61,715
Depreciation		<u>10,494</u>
 Total Operating Expenses		 <u>1,747,107</u>

Operating Income (Loss)	<u>(1,213,153)</u>
-------------------------	--------------------

NONOPERATING REVENUES (EXPENSES)

Local Sources		
Interest Earned		20,961
State Sources		
School Lunch Program		44,090
Breakfast Program		2,484
Federal Sources		
National School Lunch Program		964,159
Food Distribution Program (USDA Commodities)		115,219
School Breakfast Program		60,605
Summer Food Service Program for Children		10,893
Supply Chain Assistance Program		<u>161,258</u>
 Total Nonoperating Revenues		 <u>1,379,669</u>

Change in Net Position	166,516
------------------------	---------

Net Position, July 1, 2022, Restated	<u>654,506</u>
--------------------------------------	----------------

Net Position, June 30, 2023	<u>\$ 821,022</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 CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 532,952
Payments for Employees Salaries and Benefits	(638,782)
Payments to Suppliers	<u>(1,023,476)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(1,129,306)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State and Federal Reimbursements	<u>1,281,832</u>
Net Cash Provided By Non-Capital Financing Activities	<u>1,281,832</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	<u>20,961</u>
Net Cash Provided By Investing Activities	<u>20,961</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of Capital Assets	<u>(63,573)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(63,573)</u>

Net Change in Cash and Cash Equivalents	109,914
Cash Balance, July 1, 2022	<u>610,883</u>
Cash Balance, June 30, 2023	<u>\$ 720,797</u>

(Used for) Operating Activities:

Operating Income (Loss)	<u>\$ (1,213,153)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Noncash Federal Assistance - Food Distribution Program	115,219
Depreciation Expense	10,494
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase) Decrease in Inventories	(25,912)
Increase (Decrease) in Accounts Payable	(14,952)
Increase (Decrease) in Unearned Revenue	(369)
Increase (Decrease) in Deferred Commodities Revenue	<u>(633)</u>
Total Adjustments	<u>83,847</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (1,129,306)</u>
Non-Cash Financing Activities	
Fair Value of Food Distribution Program - National School Lunch	\$ 115,219

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, 2023**

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. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a pre-kindergarten through grade twelve (12) school district.

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 Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

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 2023, the District adopted the following GASB statements:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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. Currently, the District has no fiduciary funds.

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 activities of the Board of Education. 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 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, 2023**

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 and proprietary activities. 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, student activity funds derived from athletic events or other activities of pupil organizations.

The *capital projects fund* accounts for the proceeds from the sale of bonds, financing agreements, grants 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 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 administrators, teachers and special events.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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>
Site Improvements	15-20
Buildings and Improvements	15-40
Machinery and Equipment	5-15

5. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in a separate bank account for energy savings improvements.

6. *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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualify for reporting in this category. The 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualify for reporting in this category. The 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *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. 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.

8. *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.

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.

9. *Financing Agreements*

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

10. *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. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Capital Reserve – Designated for Subsequent Year’s Expenditures - This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2023 audited excess surplus that is required to be appropriated in the 2024/2025 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, 2022 audited excess surplus that was appropriated in the 2023/2024 original budget certified for taxes.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

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

LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Committed Fund Balance – Amounts constrained to specific purposes by a school district 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 2023/2024 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 (special revenue, 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.

12. *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 District’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 of Education 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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2021/2022 and 2022/2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses 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.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year's general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

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. The District previously adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore, voter approval of the annual budget is not required.

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 2022/2023. Also, during 2022/23 the Board increased the original General Fund budget by \$1,912,812 and Special Revenue Fund budget by \$7,495,914. The increases were funded by extraordinary aid, grant awards, reappropriation of prior year encumbrances.

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Capital Outlay			
Construction Services	<u>\$1,049,623</u>	<u>\$1,067,623</u>	<u>\$(18,000)</u>

The above variances were offset with other available resources.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$2,043,667 in the General Fund as of June 30, 2023 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 2022/23 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 deficit in the GAAP (fund) financial statements is less than the delayed state aid payments at June 30, 2023.

D. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022		\$ 1,239,144
Increased by		
Interest Earnings	\$ 127,064	
Deposits Approved in District Budget	500,000	
Deposits Approved by Board Resolution	2,000,000	
Return of Unencumbered Withdrawals from Capital Projects Fund	<u>4,385,865</u>	
Total Increases		<u>7,012,929</u>
		8,252,073
Decreased by		
Withdrawals Approved by Board Resolution		<u>800,000</u>
Balance, June 30, 2023		<u>\$ 7,452,073</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$500,000 of the capital reserve balance at June 30, 2023 was designated and appropriated for use in the 2023/2024 original budget certified for taxes.

E. Transfers to Capital Outlay

During the 2022/2023 school year, the district transferred \$432,754 to the non-equipment capital outlay accounts. The transfer was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2023 is \$7,559,760. Of this amount, \$3,870,457 was designated and appropriated in the 2023/2024 original budget certified for taxes and the remaining amount of \$3,689,303 is required to be appropriated in the 2024/2025 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 deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

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, 2023, the book value of the Board's deposits was \$22,009,091 and bank and brokerage firm balances of the Board's deposits amounted to \$25,379,375. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash with fiscal agents" are categorized as:

Depository Account

Insured	\$ 21,412,376
Uninsured and Collateralized	<u>3,966,999</u>
	<u>\$ 25,379,375</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2023 the Board’s bank balance of \$3,966,999 was exposed to custodial credit risk as follows:

Depository Account

Unsinusred and Collateralized

Collateral held by Board's Agent in the Board's name	\$ 2,851,637
Collateral held by pledging financial institution's trust department but not in the Board's name	<u>1,115,362</u>
	<u>\$ 3,966,999</u>

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, 2023, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

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, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2023 for the district’s individual major funds 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		\$ 2,412,440	\$ 54,807	\$ 2,467,247
State	\$ 82,840		2,452	85,292
Accounts	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Gross Receivables	82,840	2,423,440	57,259	2,563,539
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 82,840</u>	<u>\$ 2,423,440</u>	<u>\$ 57,259</u>	<u>\$ 2,563,539</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ <u>795,033</u>
	<u>\$ 795,033</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance <u>July 1, 2022</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2023</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 632,418			\$ 632,418
Construction in Progress	-	\$ 4,722,260	-	4,722,260
Total Capital Assets, Not Being Depreciated	<u>632,418</u>	<u>4,722,260</u>	<u>-</u>	<u>5,354,678</u>
Capital Assets, Being Depreciated:				
Site Improvements	1,739,885			1,739,885
Buildings and Improvements	8,088,046	4,224,202		12,312,248
Machinery and Equipment	4,056,900	608,981	-	4,665,881
Total Capital Assets Being Depreciated	<u>13,884,831</u>	<u>4,833,183</u>	<u>-</u>	<u>18,718,014</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,090,670)	(75,748)		(1,166,418)
Buildings and Improvements	(8,075,461)	(1,007)		(8,076,468)
Machinery and Equipment	(3,441,456)	(227,860)	-	(3,669,316)
Total Accumulated Depreciation	<u>(12,607,587)</u>	<u>(304,615)</u>	<u>-</u>	<u>(12,912,202)</u>
Total Capital Assets, Being Depreciated, net	<u>1,277,244</u>	<u>4,528,568</u>	<u>-</u>	<u>5,805,812</u>
Governmental Activities Capital Assets, net	<u>\$ 1,909,662</u>	<u>\$ 9,250,828</u>	<u>\$ -</u>	<u>\$ 11,160,490</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance</u> <u>July 1, 2022</u> <u>(Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 363,279	\$ 63,573	-	\$ 426,852
Total Capital Assets Being Depreciated	<u>363,279</u>	<u>63,573</u>	<u>-</u>	<u>426,852</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(356,022)</u>	<u>(10,494)</u>	<u>-</u>	<u>(366,516)</u>
Total Accumulated Depreciation	<u>(356,022)</u>	<u>(10,494)</u>	<u>-</u>	<u>(366,516)</u>
Total Capital Assets, Being Depreciated, net	<u>7,257</u>	<u>53,079</u>	<u>-</u>	<u>60,336</u>
Business-Type Activities Capital Assets, net	<u>\$ 7,257</u>	<u>\$ 53,079</u>	<u>\$ -</u>	<u>\$ 60,336</u>

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

Governmental Activities:

Instruction		
Regular		\$ 199,187
Total Instruction		<u>199,187</u>
Support Services		
General Administrative Services		10,726
School Administrative Services		3,505
Plant Operations and Maintenance		91,197
Total Support Services		<u>105,428</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 304,615</u>

Business-Type Activities:

Food Service Fund		<u>\$ 10,494</u>
-------------------	--	------------------

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
HVAC Upgrades	\$ 3,088,100	\$ 2,045,522
High Level Network Upgrades	689,372	126,147
HS CHP Project & TJMS Unit Ventilators	-	930,570
Replacement of Wet Insulation at Various Schools	-	149,328
HVAC Controls at Various Schools	320,179	1,254,411

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 3,688,807
General Fund	Special Revenue Fund	<u>95,453</u>
		<u>\$ 3,784,260</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>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:				
General Fund		\$ 536,475	\$ 4,979,800	\$ 5,516,275
Capital Projects Fund	\$ 4,456,824	-	-	<u>4,456,824</u>
	<u>\$ 4,456,824</u>	<u>\$ 536,475</u>	<u>\$ 4,979,800</u>	<u>\$ 9,973,099</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, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements

Capital Financing Agreements

The District entered into the following agreement to finance energy savings improvements under a capital financing agreement. The repayments under this financing agreement are subject to the annual appropriation of funds in the District's approved budget.

Capital financing agreements at June 30, 2023 are comprised of the following:

\$5,611,325, fiscal year 2022 Agreement for energy savings improvements for a term of 16 years due in annual principal installments of \$260,682 to \$557,115 through July 15, 2038, interest at 2.795%	<u>\$ 5,611,325</u>
---	---------------------

The unexpended proceeds from the capital financing agreements, including interest earned on balances which remain on deposit, are held with the respective fiscal agents. As of June 30, 2023, \$2,851,637 remains held with the fiscal agent.

The maturity schedule of the remaining capital financing agreement payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Capital Agreements</u> Interest	<u>Total</u>
2024	\$ 557,115	\$ 252,302	\$ 809,417
2025	271,733	137,468	409,201
2026	260,682	130,027	390,709
2027	275,897	122,528	398,425
2028	291,705	114,596	406,301
2029-2033	1,600,879	445,599	2,046,478
2033-2037	2,079,462	189,435	2,268,897
2038-2039	<u>273,852</u>	<u>3,827</u>	<u>277,679</u>
	<u>\$ 5,611,325</u>	<u>\$ 1,395,782</u>	<u>\$ 7,007,107</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, 2023 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 110,890,948
Less: Net Debt Issued and Authorized But Not Issued	<u>-</u>
Remaining Borrowing Power	<u>\$ 110,890,948</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, was as follows:

	Balance			Balance	Due
	<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities:					
Obligations Under Capital					
Financing Agreements	\$ 5,611,325			\$ 5,611,325	\$ 557,115
Net Pension Liability	5,186,815	\$ 1,777,432	\$ (537,061)	6,427,186	
Compensated Absence Payable	<u>2,880,209</u>	<u>-</u>	<u>(175,676)</u>	<u>2,704,533</u>	<u>150,000</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 13,678,349</u>	<u>\$ 1,777,432</u>	<u>\$ (712,737)</u>	<u>\$ 14,743,044</u>	<u>\$ 707,115</u>

For the governmental activities, the liabilities for capital financing agreements, 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” or “Group”). 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 Annual Comprehensive Financial Report.

The relationship between the Board and NJSIG 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 group, to report claims on a timely basis, cooperate with the management of the group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the group. 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 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, 2023**

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, 2023, 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, 2023, the District has no estimated arbitrage earnings due to the IRS.

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) Annual Comprehensive Financial Report (ACFR) 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, 2023**

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) Annual Comprehensive Financial Report (ACFR) 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, 2023**

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 or TPAF 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 or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments 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, 2023**

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, 2023**

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, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91% . The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 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 2023.

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, 2023 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 more than the actuarial determined amount. For local 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 2023, 2022 and 2021 were equal to the required contributions.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, 2022 and 2021 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 unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2023	\$ 537,061	\$ 7,832,811	\$ 15,152
2022	512,756	7,978,890	14,359
2021	495,104	5,685,276	23,992

In addition for fiscal years 2023, 2022 and 2021 the State contributed \$2,470, \$2,382 and \$2,576, 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 \$1,711,609 during the fiscal year ended June 30, 2023 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 both 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, 2021 through June 30, 2022. 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, 2023**

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, 2022 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023, the District reported in the statement of net position (accrual basis) a liability of \$6,427,186 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2021. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2022. At June 30, 2022, the District’s proportionate share was .04259 percent, which was a decrease of .00119 percent from its proportionate share measured as of June 30, 2021 of .04378 percent.

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$612,990 for PERS. The pension contribution made by the District during the current 2022/2023 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, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. 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, 2023 for contributions made subsequent to the measurement date. At June 30, 2023, 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	\$ 46,388	\$ 40,908
Changes of Assumptions	19,913	962,404
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	266,015	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>35,639</u>	<u>551,561</u>
Total	<u>\$ 367,955</u>	<u>\$ 1,554,873</u>

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2024	\$ (737,522)
2025	(451,104)
2026	(249,963)
2027	254,131
2028	(2,460)
Thereafter	<u>-</u>
	<u>\$ (1,186,918)</u>

Actuarial Assumptions

The District’s total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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 rates 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 PERS's target asset allocation as of June 30, 2022 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	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

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 7.00, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 8,257,051</u>	<u>\$ 6,427,186</u>	<u>\$ 4,869,897</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2022. A sensitivity analysis specific to the District’s net pension liability at June 30, 2022 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.

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 employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2021 through June 30, 2022. 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, 2022, the State’s pension contribution was more than the actuarial determined amount.

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

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, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,653,841 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, 2023 the State's proportionate share of the net pension liability attributable to the District is \$98,608,898. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2022. At June 30, 2022, the State's share of the net pension liability attributable to the District was .19112 percent, which was a decrease of .0008 percent from its proportionate share measured as of June 30, 2021 of .19192 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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 TPAF's target asset allocation as of June 30, 2022 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	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

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 7.00%, 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 (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 115,621,028	\$ 98,608,898	\$ 84,278,316

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2022. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2022 was not provided by the pension system.

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 a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified 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 multiple-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.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. 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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total	<u>364,817</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 plan. 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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2022 were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2021 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.

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 \$1.33 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution 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, 2023, 2022 and 2021 were \$2,057,661, \$1,864,191 and \$1,781,677, 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, 2021 through June 30, 2022. 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, 2023, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,872,425. 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, 2023 the State's proportionate share of the OPEB liability attributable to the District is \$95,408,531. 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, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state's share of the OPEB liability attributable to the District was .18838 percent, which was a decrease of .00051 percent from its proportionate share measured as of June 30, 2021 of .18889 percent.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 4.25% Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 Measurement Date	\$ 113,351,977
Changes Recognized for the Fiscal Year:	
Service Cost	5,032,311
Interest on the Total OPEB Liability	2,528,431
Differences Between Expected and Actual Experience	2,514,147
Changes of Assumptions	(25,594,194)
Gross Benefit Payments	(2,504,486)
Contributions from the Member	80,345
Net Changes	<u>\$ (17,943,446)</u>
Balance, June 30, 2022 Measurement Date	<u>\$ 95,408,531</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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, 2022.

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 3.54%, 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 (2.54% percent) or 1-percentage-point higher (4.54% percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 112,142,692</u>	<u>\$ 95,408,531</u>	<u>\$ 81,996,937</u>

**LODI BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>78,860,983</u>	\$ <u>95,408,531</u>	\$ <u>117,144,741</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2022 were not provided by the pension system.

F. Tropical Storm Ida

On September 1, 2021 Tropical Storm Ida arrived in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The District has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency (“FEMA”) provides emergency grant assistance (voluntary nonexchange transaction) to help government’s cope with losses. Although the District has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of June 30, 2023. As of June 30, 2023, the District has received \$523,885 in FEMA reimbursements relating to Tropical Storm Ida which have been reflected in the financial statements.

G. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Lodi Board of Education, the District’s share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**LODI BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 RESTATEMENT

Net position of June 30, 2022 has been restated to reflect capital asset and related depreciation amounts as a result of the District obtaining a new capital asset appraisal report. The effect of this restatement is a reduction of \$5,179,652 in governmental activities net position from a balance of \$7,864,847 as previously reported to a balance of \$2,685,195 at June 30, 2022; and a reduction of \$46,733 in business-type activities net position from a balance of \$701,239 as previously reported to a balance of \$654,506 as of June 30, 2022.

NOTE 6 RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$10,089,022 in federal aid to address the effects of the COVID-19 pandemic.

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 39,060,220		\$ 39,060,220	\$ 39,060,220	
Interest Earned on Capital Reserve	1,835		1,835	127,064	\$ 125,229
Unrestricted Miscellaneous Revenues	89,250	-	89,250	887,387	798,137
Total Revenues - Local Sources	39,151,305	-	39,151,305	40,074,671	923,366
State Sources					
Transportation Aid	674,487		674,487	674,487	
Extraordinary Aid	700,000		700,000	1,855,378	1,155,378
Special Education Aid	2,835,516		2,835,516	2,835,516	
Equalization Aid	24,859,967		24,859,967	24,859,967	
Security Aid	1,028,863		1,028,863	1,028,863	
On-Behalf TPAF (Non-Budgeted)					
Pension				7,725,627	7,725,627
NCGI Premium				107,184	107,184
Post Retirement Medical				2,057,661	2,057,661
Long Term Disability				2,470	2,470
Social Security Contributions	-	-	-	1,711,609	1,711,609
Total State Sources	30,098,833	-	30,098,833	42,858,762	12,759,929
Federal Sources					
Medicaid - MAC				14,132	14,132
FEMA - Public Assistance				523,885	523,885
Medicaid Reimbursement	147,539	-	147,539	147,572	33
Total Federal Sources	147,539	-	147,539	685,589	538,050
Total Revenues	69,397,677	-	69,397,677	83,619,022	14,221,345
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Kindergarten	983,691	\$ 9,820	993,511	899,622	93,889
Grades 1 - 5	5,216,540	547,230	5,763,770	5,512,858	250,912
Grades 6 - 8	3,416,606	161,935	3,578,541	3,493,960	84,581
Grades 9 - 12	4,173,264	205,989	4,379,253	4,025,014	354,239
Regular Programs - Home Instruction:					
Salaries of Teachers	66,000	8,514	74,514	74,514	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	900,000	(900,000)	-	-	-
Purchased Professional-Educational Services	96,000	555,939	651,939	649,860	2,079
Purchased Technical Services	36,000	(10,694)	25,306	23,068	2,238
Other Purchased Services	364,000	(13,756)	350,244	347,191	3,053
General Supplies	439,950	(24,157)	415,793	403,357	12,436
Textbooks	172,650	75,916	248,566	226,925	21,641
Other Objects	-	50,541	50,541	50,541	-
Total Instruction Regular Programs	15,864,701	667,277	16,531,978	15,706,910	825,068
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	545,004	(43,846)	501,158	286,624	214,534
Other Salaries for Instruction	164,984	29,918	194,902	194,902	
General Supplies	18,525	(1,218)	17,307	16,646	661
Total Learning/Language Disabilities	728,513	(15,146)	713,367	498,172	215,195

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,642,418	\$ 203,301	\$ 1,845,719	\$ 1,845,719	
Other Salaries for Instruction	309,345	223,918	533,263	533,263	
General Supplies	18,525	(2,000)	16,525	7,296	\$ 9,229
Total Resource Room/Resource Center	1,970,288	425,219	2,395,507	2,386,278	9,229
Total Special Education	2,698,801	410,073	3,108,874	2,884,450	224,424
Basic Skills/Remedial					
Salaries of Teachers	737,677	31,800	769,477	620,822	148,655
Total Basic Skills/Remedial	737,677	31,800	769,477	620,822	148,655
Bilingual Education					
Salaries of Teachers	662,031	-	662,031	520,688	141,343
Total Bilingual Education	662,031	-	662,031	520,688	141,343
School Sponsored Co-Curricular Activities					
Salaries	260,000	-	260,000	166,645	93,355
Supplies and Materials	4,800	-	4,800	1,395	3,405
Other Objects	2,400	(81)	2,319	1,380	939
Total Co-Curricular Activities	267,200	(81)	267,119	169,420	97,699
School Sponsored Athletics					
Salaries	587,030	81	587,111	587,111	
Purchased Services	99,000	(50,000)	49,000	6,002	42,998
Supplies and Materials	72,000	-	72,000	65,423	6,577
Other Objects	12,000	18,074	30,074	25,223	4,851
Transfers to Cover Deficit (Agency Funds)	-	45,000	45,000	45,000	-
Total Athletics	770,030	13,155	783,185	728,759	54,426
Total Instruction	21,000,440	1,122,224	22,122,664	20,631,049	1,491,615
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Regular	64,103	300	64,403	61,532	2,871
Tuition to Other LEA's Within State - Special	10,753,383	(2,129,339)	8,624,044	8,320,398	303,646
Tuition to County Vocational School District- Regular	1,076,328	(347,202)	729,126	729,126	-
Tuition to County Vocational School District - Special	513,000	-	513,000	450,642	62,358
Tuition to County Special Services and Regional Day School	2,126,772	(273,500)	1,853,272	1,850,867	2,405
Tuition to Private School for the Disabled W/I State	1,237,022	94,397	1,331,419	1,159,756	171,663
Tuition to State Facilities	80,540	-	80,540	80,540	-
Tuition - Other	85,660	27,687	113,347	113,347	-
Total Tuition	15,936,808	(2,627,657)	13,309,151	12,766,208	542,943
Attendance and Social Work					
Salaries	287,875	-	287,875	268,945	18,930
Purchased Professional and Technical Services	81,600	180	81,780	81,780	-
Total Attendance and Social Work	369,475	180	369,655	350,725	18,930

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 585,012	-	\$ 585,012	\$ 581,875	\$ 3,137
Purchased Professional and Technical Services	200,000	\$ (350)	199,650	99,040	100,610
Supplies and Materials	14,665	359	15,024	13,614	1,410
Total Health Services	799,677	9	799,686	694,529	105,157
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	342,875		342,875	336,651	6,224
Purchased Professional Educational Services	400,000	42,219	442,219	413,213	29,006
Total Speech, OT, PT and Related Services	742,875	42,219	785,094	749,864	35,230
Other Supp. Svcs.-Extraord. Serv.					
Salaries	144,361	142,895	287,256	287,256	-
Purchased Professional - Educational Services	1,200,000	181,711	1,381,711	1,259,151	122,560
Total Other Support/Extraordinary Services	1,344,361	324,606	1,668,967	1,546,407	122,560
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	1,094,104	(70)	1,094,034	1,085,433	8,601
Salaries of Secretarial and Clerical Assistants	72,010	70	72,080	72,080	-
Other Salaries	153,742		153,742	153,742	-
Purchased Professional and Educational Services	90,000	(537)	89,463	14,375	75,088
Other Purchased Professional and Technical Services	75,000	-	75,000	61,789	13,211
Supplies and Materials	80,000	-	80,000	47,416	32,584
Total Other Support Services-Guidance	1,564,856	(537)	1,564,319	1,434,835	129,484
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	1,485,711	73,105	1,558,816	1,438,154	120,662
Salaries of Secretarial and Clerical Assistants	184,431	-	184,431	167,302	17,129
Purchased Professional - Educational Services	78,000	(46,426)	31,574	21,597	9,977
Other Purchased Professional and Technical Services	30,000	8,300	38,300	35,434	2,866
Supplies and Materials	16,000	71,988	87,988	49,214	38,774
Total Other Support Services-Child Study Teams	1,794,142	106,967	1,901,109	1,711,701	189,408
Improvement of Instruction					
Salaries of Supervisor of Instruction	663,105	3,800	666,905	666,905	-
Salaries of Other Professional Staff	152,379	(120,682)	31,697	31,697	31,697
Other Salaries	280,690	-	280,690	248,279	32,411
Purchased Professional Educational Services	144,000	(26,264)	117,736	50,702	67,034
Other Purchased Services	180,000	37,882	217,882	217,882	-
Supplies and Materials	24,000	1,857	25,857	23,740	2,117
Total Improvement of Instruction	1,444,174	(103,407)	1,340,767	1,207,508	133,259
Educational Media Services/ School Library					
Salaries	406,522		406,522	383,249	23,273
Other Purchased Services	18,000	(5)	17,995	6,067	11,928
Supplies and Materials	94,875	40,826	135,701	131,615	4,086
Total Educational Media Services/ School Library	519,397	40,821	560,218	520,931	39,287

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Purchased Professional Educational Services		\$ 2,317	\$ 2,317	\$ 2,317	
Other Purchased Services	\$ 32,000	(22,420)	9,580	9,580	
Supplies and Materials	32,000	(30,113)	1,887	1,887	-
Total Instructional Staff Training Services	64,000	(50,216)	13,784	13,784	-
Support Services General Administration					
Salaries	288,902		288,902	287,372	\$ 1,530
Legal Services	120,000	21,064	141,064	141,064	-
Audit Fees	52,000	35,515	87,515	45,015	42,500
Architectural/Engineering Services	100,000	7,913	107,913	53,045	54,868
Other Purchased Professional Services	9,000	(609)	8,391	8,016	375
Communications/Telephone	156,500	(34,683)	121,817	117,778	4,039
BOE Other Purchased Services	-	5,629	5,629	5,378	251
Misc. Purchased Services	160,029	17,637	177,666	177,666	-
General Supplies	12,000	(785)	11,215	11,051	164
Miscellaneous Expenditures	6,000	4,378	10,378	8,907	1,471
BOE Membership Dues and Fees	21,500	-	21,500	21,369	131
Total Support Services General Administration	925,931	56,059	981,990	876,661	105,329
Support Services School Administration					
Salaries of Principals/Assistant Principals/Prog Dir	1,454,869	70,025	1,524,894	1,524,894	
Salaries of Secretarial and Clerical Assistants	573,964	16,044	590,008	590,008	-
Other Purchased Services	-	675	675	675	-
Supplies and Materials	56,975	(910)	56,065	53,026	3,039
Other Objects	15,175	5,818	20,993	15,104	5,889
Total Support Services School Administration	2,100,983	91,652	2,192,635	2,183,707	8,928
Central Services					
Salaries	443,442	-	443,442	427,081	16,361
Purchased Professional Services	78,000	44,002	122,002	113,244	8,758
Miscellaneous Purchased Services	16,000	(250)	15,750	10,825	4,925
Supplies and Materials	24,000	(550)	23,450	22,829	621
Miscellaneous Expenditures	2,000	800	2,800	2,797	3
Total Undistributed Expenditures - Central Services	563,442	44,002	607,444	576,776	30,668
Admin. Info. Tech.					
Salaries	138,635	-	138,635	137,735	900
Other Purchased Services	4,800	-	4,800	2,866	1,934
Supplies and Materials	12,000	-	12,000	5,561	6,439
Total Undistributed Expenditures - Admin. Info. Technology	155,435	-	155,435	146,162	9,273
Required Maintenance for School Facilities					
Salaries	501,351	6,549	507,900	505,956	1,944
Cleaning, Repair and Maintenance Services	610,500	433,506	1,044,006	352,509	691,497
General Supplies	100,000	(51,464)	48,536	36,086	12,450
Total Required Maint for School Facilities	1,211,851	388,591	1,600,442	894,551	705,891

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 1,382,508	\$ 30,000	\$ 1,412,508	\$ 1,380,133	\$ 32,375
Purchased Professional and Technical Services	30,000	(3,800)	26,200	19,558	6,642
Cleaning, Repair and Maintenance Services	84,000	(31,737)	52,263	39,476	12,787
Other Purchased Property Services	36,000	3,962	39,962	39,962	-
Insurance	252,000	24,100	276,100	276,016	84
Miscellaneous Purchased Services	8,000	(800)	7,200	6,179	1,021
General Supplies	100,000	-	100,000	98,048	1,952
Energy (Natural Gas)	190,550	30,000	220,550	203,521	17,029
Energy (Electricity)	515,000	-	515,000	445,757	69,243
Energy (Gasoline)	21,000	(1,100)	19,900	12,256	7,644
Other Objects	4,200	410	4,610	4,510	100
Total Custodial Services	2,623,258	51,035	2,674,293	2,525,416	148,877
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	43,680	-	43,680	43,229	451
Cleaning, Repair, and Maintenance Services	60,000	(25,360)	34,640	21,841	12,799
General Supplies	12,000	-	12,000	117	11,883
Total Care and Upkeep of Grounds	115,680	(25,360)	90,320	65,187	25,133
Undistributed Expenditures - Security					
Salaries		5,348	5,348	4,217	1,131
Purchased Professional and Technical Services	156,000	25,200	181,200	181,200	
Cleaning, Repair, and Maintenance Services	24,000	(10,298)	13,702	10,560	3,142
General Supplies	24,000	(16,300)	7,700	7,677	23
Total Security	204,000	3,950	207,950	203,654	4,296
Student Transportation Services					
Contr Serv - Aid in Lieu Pymts-Charter Sch	14,000	(7,196)	6,804	6,450	354
Contr Serv(Bet Home &Sch)-Vendors	22,000	1,375	23,375	20,450	2,925
Contr Serv(Oth. Than Bet Home &Sch)-Vendors	108,000	7,196	115,196	114,423	773
Contr Serv(Bet Home &Sch)-Joint Agreements	400,000	(1,375)	398,625	398,625	-
Contr Serv(Special Education)-Joint Agreements	2,200,000	1,250,000	3,450,000	3,418,012	31,988
Total Student Transportation Services	2,744,000	1,250,000	3,994,000	3,957,960	36,040
Unallocated Employee Benefits					
Social Security Contributions	445,000	112,742	557,742	557,742	-
Other Retirement Contributions - PERS/DCRP	537,800	14,413	552,213	552,213	-
Unemployment Compensation	96,000	10,236	106,236	106,236	-
Workmen's Compensation	212,400	-	212,400	162,425	49,975
Health Benefits	7,858,659	(844,254)	7,014,405	5,749,232	1,265,173
Tuition Reimbursements	24,000	25,000	49,000	32,598	16,402
Other Employee Benefits	140,000	54,954	194,954	194,954	-
Unused Sick Payment to Terminated/Retired Staff	150,000	-	150,000	-	150,000
Total Unallocated Employee Benefits	9,463,859	(626,909)	8,836,950	7,355,400	1,481,550
On-Behalf TPAF (Non-Budgeted)					
Pension				7,725,627	(7,725,627)
NCGI Premium				107,184	(107,184)
Post Retirement Medical				2,057,661	(2,057,661)
Long Term Disability				2,470	(2,470)
Social Security Contributions	-	-	-	1,711,609	(1,711,609)
Total TPAF Pension and Social Security Contributions	-	-	-	11,604,551	(11,604,551)
Total Undistributed Expenditures	44,688,204	(1,033,995)	43,654,209	51,386,517	(7,732,308)
Total Current Expenditures	65,688,644	88,229	65,776,873	72,017,566	(6,240,693)

**LODI BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Equipment					
Instruction - Regular Programs		\$ 4,998	\$ 4,998	-	\$ 4,998
School Administration	-	149,937	149,937	\$ 147,576	2,361
Administrative Information Technology	\$ 76,152	443,762	519,914	393,767	126,147
Undistributed Expenditure - Required Maintenance for School Facilities	72,000	-	72,000	39,829	32,171
Total Equipment	<u>148,152</u>	<u>598,697</u>	<u>746,849</u>	<u>581,172</u>	<u>165,677</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		527	527	-	527
Construction Services		1,049,623	1,049,623	1,067,623	(18,000)
Assessment for Debt Service on SDA Funding	33,244	-	33,244	33,244	-
Total Facilities Acq. And Construction Services	<u>33,244</u>	<u>1,050,150</u>	<u>1,083,394</u>	<u>1,100,867</u>	<u>(17,473)</u>
Increase in Capital Reserve	500,000	-	500,000	-	500,000
Interest Deposit to Capital Reserve	1,835	-	1,835	-	1,835
Total Expenditures - Capital Outlay	<u>683,231</u>	<u>1,648,847</u>	<u>2,332,078</u>	<u>1,682,039</u>	<u>650,039</u>
Transfer of Funds to Charter Schools	3,391,217	35,471	3,426,688	3,375,763	50,925
Total Expenditures - General Fund	<u>69,763,092</u>	<u>1,772,547</u>	<u>71,535,639</u>	<u>77,075,368</u>	<u>(5,539,729)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(365,415)</u>	<u>(1,772,547)</u>	<u>(2,137,962)</u>	<u>6,543,654</u>	<u>8,681,616</u>
Other Financing Sources (Uses)					
Transfer In - Capital Projects Fund				4,456,824	4,456,824
Transfers Out - Special Revenue Fund	(396,210)	(140,265)	(536,475)	(536,475)	-
Transfer Out - Capital Projects Fund- Capital Outlay	(4,179,800)	-	(4,179,800)	(4,179,800)	-
Transfer Out - Capital Projects Fund- Capital Reserve	-	-	-	(800,000)	800,000
Total Other Financing Sources (Uses)	<u>(4,576,010)</u>	<u>(140,265)</u>	<u>(4,716,275)</u>	<u>(1,059,451)</u>	<u>5,256,824</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(4,941,425)</u>	<u>(1,912,812)</u>	<u>(6,854,237)</u>	<u>5,484,203</u>	<u>13,938,440</u>
Fund Balance, July 1, 2022	<u>14,525,045</u>	<u>-</u>	<u>14,525,045</u>	<u>14,525,045</u>	<u>-</u>
Fund Balance, June 30, 2023	<u>\$ 9,583,620</u>	<u>\$ (1,912,812)</u>	<u>\$ 7,670,808</u>	<u>\$ 20,009,248</u>	<u>\$ 12,338,440</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 6,952,073	
Capital Reserve - Designated for Subsequent Year's Budget				500,000	
Excess Surplus				3,689,303	
Excess Surplus - Designated for Subsequent Year's Budget				3,870,457	
Committed					
Encumbrances				131,145	
Assigned					
Encumbrances				184,256	
Designated for Subsequent Year's Budget				2,106,894	
Unassigned					
Unreserved				<u>2,575,120</u>	
Fund Balance (Budgetary Basis)				20,009,248	
Reconciliation to Governmental Fund Statements (GAAP)					
State Aid Payments Not Recognized on a GAAP Basis				<u>(4,618,787)</u>	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 15,390,461</u>	

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 24,990	\$ 24,990	\$ 386,482	\$ 361,492
State	\$ 438,210	200,277	638,487	614,735	(23,752)
Federal	1,514,246	7,130,382	8,644,628	3,337,790	(5,306,838)
Total Revenues	<u>1,952,456</u>	<u>7,355,649</u>	<u>9,308,105</u>	<u>4,339,007</u>	<u>(4,969,098)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,145,056	407,370	1,552,426	1,400,457	151,969
Other Salaries for Instruction	144,361	58,656	203,017	203,017	-
Other Purchased Services		68,075	68,075	48,284	19,791
Tuition	739,082	545,771	1,284,853	1,284,853	-
General Supplies	53,055	287,264	340,319	223,250	117,069
Other Objects		490	490	490	-
Student Activities and Athletics (Non-Budget)	-	-	-	369,636	(369,636)
Total Instruction	<u>2,081,554</u>	<u>1,367,626</u>	<u>3,449,180</u>	<u>3,529,987</u>	<u>(80,807)</u>
Support Services					
Employee Benefits	164,420	346,123	510,543	493,489	17,054
Other Purchased Services		600	600	-	600
Purchased Prof. and Technical Services	102,391	930,571	1,032,962	243,116	789,846
Cleaning, Repairs and Maintenance		26,650	26,650	26,378	272
Transportation		140,349	140,349	140,349	-
Supplies and Material		30,240	30,240	30,240	-
Other Objects	301	2,000	2,301	301	2,000
Total Support Services	<u>267,112</u>	<u>1,476,533</u>	<u>1,743,645</u>	<u>933,873</u>	<u>809,772</u>
Facilities Acquisition and Construction Services					
Instructional Equipment		27,809	27,809	27,809	-
Construction Services	-	4,623,946	4,623,946	384,957	4,238,989
Total Facilities Acquisition and Construction	<u>-</u>	<u>4,651,755</u>	<u>4,651,755</u>	<u>412,766</u>	<u>4,238,989</u>
Total Expenditures	<u>2,348,666</u>	<u>7,495,914</u>	<u>9,844,580</u>	<u>4,876,626</u>	<u>4,967,954</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(396,210)	(140,265)	(536,475)	(537,619)	1,144
Other Financing Sources					
Transfers In - General Fund Contribution	396,210	140,265	536,475	536,475	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	(1,144)	1,144
Fund Balance, July 1	116,389	-	116,389	116,389	-
Fund Balance, June 30	<u>\$ 116,389</u>	<u>\$ -</u>	<u>\$ 116,389</u>	<u>\$ 115,245</u>	<u>\$ 1,144</u>

**LODI BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Revenues (budgetary basis)	C-1	\$ 83,619,022	C-2	\$ 4,339,007
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.		4,202,711		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.		(4,618,787)		
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, 2023				(1,237,460)
Encumbrances, June 30, 2022, Net		-		4,215,510
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>\$ 83,202,946</u>	B-2	<u>\$ 7,317,057</u>
Uses/Outflows of Resources				
Expenditures (budgetary basis)	C-1	\$ 77,075,368	C-2	\$ 4,876,626
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, 2023				(1,237,460)
Encumbrances, June 30, 2022, Net		-		4,215,510
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 77,075,368</u>	B-2	<u>\$ 7,854,676</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 Ten Fiscal Years ^

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<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)	0.04259 %	0.04348 %	0.04525	0.04665 %	0.04744 %	0.04603 %	0.04609 %	0.04719 %	0.04861 %	0.04722 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,427,186	\$ 5,186,815	\$ 7,380,446	\$ 8,407,177	\$ 9,340,804	\$ 10,714,702	\$ 13,651,037	\$ 10,593,590	\$ 9,100,717	\$ 9,024,932
District's Covered Payroll	\$ 3,419,383	\$ 3,050,852	\$ 3,150,902	\$ 3,229,591	\$ 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	187.96%	170.01%	234.23%	260.32%	283.85%	322.64%	423.58%	326.88%	276.95%	269.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	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.

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 537,061	\$ 512,756	\$ 495,104	\$ 453,651	\$ 471,880	\$ 426,405	\$ 409,472	\$ 405,722	\$ 400,716	\$ 355,803
Contributions in Relation to the Contractually Required Contributions	<u>537,061</u>	<u>512,756</u>	<u>495,104</u>	<u>453,651</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,761,860	\$ 3,419,383	\$ 3,050,852	\$ 3,150,902	\$ 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	14.28%	15.00%	16.23%	14.40%	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.

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 Ten Fiscal Years *

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
States Proportionate Share of Net Pension Liability (Asset) Associated With the District	<u>\$ 98,608,898</u>	<u>\$ 92,269,943</u>	<u>\$ 126,563,797</u>	<u>\$ 116,642,045</u>	<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>\$ 98,608,898</u>	<u>\$ 92,269,943</u>	<u>\$ 126,563,797</u>	<u>\$ 116,642,045</u>	<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	\$ 22,013,432	\$ 21,134,951	\$ 21,354,625	\$ 21,075,260	\$ 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%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	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.

**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, 2023**

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 Six Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 5,032,311	\$ 5,861,348	\$ 3,239,956	\$ 3,023,621	\$ 3,415,711	\$ 4,101,043
Interest on Total OPEB Liability	2,528,431	2,940,470	2,837,463	3,426,474	3,673,321	3,187,295
Changes of Benefit Terms		(120,649)				-
Differences Between Expected and Actual Experiences	2,514,147	(21,873,861)	22,357,237	(13,048,833)	(8,524,609)	
Changes of Assumptions	(25,594,194)	111,830	23,504,306	1,176,513	(9,946,943)	(13,251,084)
Gross Benefit Payments	(2,504,486)	(2,316,266)	(2,240,107)	(2,422,215)	(2,317,787)	(2,284,585)
Contribution from the Member	<u>80,345</u>	<u>75,173</u>	<u>67,898</u>	<u>71,801</u>	<u>80,106</u>	<u>84,124</u>
Net Change in Total OPEB Liability	(17,943,446)	(15,321,955)	49,766,753	(7,772,639)	(13,620,201)	(8,163,207)
Total OPEB Liability - Beginning of Year	<u>113,351,977</u>	<u>128,673,932</u>	<u>78,907,179</u>	<u>86,679,818</u>	<u>100,300,019</u>	<u>108,463,226</u>
Total OPEB Liability - End of Year	<u>\$ 95,408,531</u>	<u>\$ 113,351,977</u>	<u>\$ 128,673,932</u>	<u>\$ 78,907,179</u>	<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>95,408,531</u>	<u>113,351,977</u>	<u>128,673,932</u>	<u>78,907,179</u>	<u>86,679,818</u>	<u>100,300,019</u>
Total OPEB Liability - Ending	<u>\$ 95,408,531</u>	<u>\$ 113,351,977</u>	<u>\$ 128,673,932</u>	<u>\$ 78,907,179</u>	<u>\$ 86,679,818</u>	<u>\$ 100,300,019</u>
District's Covered Payroll	<u>\$ 25,432,815</u>	<u>\$ 24,185,803</u>	<u>\$ 24,304,851</u>	<u>\$ 24,304,851</u>	<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>	<u>0%</u>	<u>0%</u>	<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, 2023**

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, 2023

	Local Grants	Nonpublic Auxiliary	Nonpublic Handicapped			Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Climate	Student	Sub-Total Carried Forward
		Compensatory Education	Supplemental Instruction	Corrective Speech	Examination/Classification					Awareness Education	Activities/Athletics	
REVENUES												
Local Sources	\$ 17,990										\$ 368,492	\$ 386,482
State Sources		\$ 26,289	\$ 11,564	\$ 186	\$ 10,245	\$ 7,744	\$ 14,560	\$ 4,178	\$ 26,378	\$ 6,660		107,804
Federal Sources												-
Total Revenues	17,990	26,289	11,564	186	10,245	7,744	14,560	4,178	26,378	6,660	368,492	494,286
EXPENDITURES												
Instruction:												
Salaries	11,000											11,000
Other Purchased Services		26,289	11,564	186	10,245							48,284
General Supplies	6,990					7,744				5,330		20,064
Other Objects										490		490
Student Activities and Athletics											369,636	369,636
Total Instruction	17,990	26,289	11,564	186	10,245	7,744	-	-	-	5,820	369,636	449,474
Support Services												
Purchased Professional and Technical							14,560	4,178		600		19,338
Cleaning, Repairs and Maintenance									26,378			26,378
Supplies and Materials										240		240
Total Support Services	-	-	-	-	-	-	14,560	4,178	26,378	840	-	45,956
Facilities Acquisition and Construction												
Non-Instructional Equipment												
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	17,990	26,289	11,564	186	10,245	7,744	14,560	4,178	26,378	6,660	369,636	495,430
Excess (Deficiency) of Revenues												
Over/(Under) Expenditures											(1,144)	(1,144)
Other Financing Sources												
Transfer In - General Fund												
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures											(1,144)	(1,144)
Fund Balance, July 1, 2022											116,389	116,389
Fund Balance, June 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,245	\$ 115,245

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Sub-Total Brought Forward	Title I	Title I Distinguished Award	Title II A	Title III	Title IV	IDEA Basic	IDEA Preschool	ARP Homeless	ACSERS Aid	Preschool Education Aid	Sub-Total
REVENUES												
Local Sources	\$ 386,482											\$ 386,482
State Sources	107,804										\$ 436,639	544,443
Federal Sources	-	\$ 774,825	\$ 15,000	\$ 118,089	\$ 29,044	\$ 52,012	\$ 804,107	\$ 31,065	\$ 15,000	\$ 601,655	-	2,440,797
Total Revenues	<u>494,286</u>	<u>774,825</u>	<u>15,000</u>	<u>118,089</u>	<u>29,044</u>	<u>52,012</u>	<u>804,107</u>	<u>31,065</u>	<u>15,000</u>	<u>601,655</u>	<u>436,639</u>	<u>3,371,722</u>
EXPENDITURES												
Instruction:												
Salaries of Teachers	11,000	511,846			22,667						603,544	1,149,057
Other Salaries for Instruction											203,017	203,017
Other Purchased Services	48,284											48,284
Tuition							792,482	31,065		461,306		1,284,853
General Supplies	20,064	24,723									7,688	52,475
Other Objects	490											490
Student Activities and Athletics	369,636	-	-	-	-	-	-	-	-	-	-	369,636
Total Instruction	<u>449,474</u>	<u>536,569</u>	<u>-</u>	<u>-</u>	<u>22,667</u>	<u>-</u>	<u>792,482</u>	<u>31,065</u>	<u>-</u>	<u>461,306</u>	<u>814,249</u>	<u>3,107,812</u>
Support Services												
Employee Benefits		238,256			4,376						158,865	401,497
Purchased Professional and Technical	19,338			118,089	1,700	24,203	11,625					174,955
Cleaning, Repairs and Maintenance	26,378											26,378
Supplies and Materials	240		15,000						15,000			30,240
Transportation										140,349		140,349
Other Objects	-	-	-	-	301	-	-	-	-	-	-	301
Total Support Services	<u>45,956</u>	<u>238,256</u>	<u>15,000</u>	<u>118,089</u>	<u>6,377</u>	<u>24,203</u>	<u>11,625</u>	<u>-</u>	<u>15,000</u>	<u>140,349</u>	<u>158,865</u>	<u>773,720</u>
Facilities Acq. and Construct.												
Instructional Equipment						27,809						27,809
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,809</u>
Total Expenditures	<u>495,430</u>	<u>774,825</u>	<u>15,000</u>	<u>118,089</u>	<u>29,044</u>	<u>52,012</u>	<u>804,107</u>	<u>31,065</u>	<u>15,000</u>	<u>601,655</u>	<u>973,114</u>	<u>3,909,341</u>
Excess (Deficiency) of Revenues												
Over/(Under) Expenditures	(1,144)	-	-	-	-	-	-	-	-	-	(536,475)	(537,619)
Other Financing Sources												
Transfer In - General Fund	-	-	-	-	-	-	-	-	-	-	536,475	536,475
Excess (Deficiency) of Revenues and Other Financing												
Sources Over/(Under) Expenditures	(1,144)	-	-	-	-	-	-	-	-	-	-	(1,144)
Fund Balance, July 1, 2022	116,389	-	-	-	-	-	-	-	-	-	-	116,389
Fund Balance, June 30, 2023	<u>\$ 115,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,245</u>

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Sub-Total Brought Forward	ARP						Capital and Emergent Needs	Total
		CRRSA		ESSER III	Accelerated Learning Coach	Summer Learning Enrichment	NJTSS Mental Health		
		ESSER II	Learning Acceleration						
REVENUES									
Local Sources	\$ 386,482								\$ 386,482
State Sources	544,443						\$ 70,292		614,735
Federal Sources	2,440,797	\$ 60,661	\$ 9,298	\$ 485,440	\$ 265,792	\$ 34,000	\$ 41,802	-	3,337,790
Total Revenues	3,371,722	60,661	9,298	485,440	265,792	34,000	41,802	70,292	4,339,007
EXPENDITURES									
Instruction:									
Salaries of Teachers	1,149,057		1,798		173,800	34,000	41,802		1,400,457
Other Salaries for Instruction	203,017								203,017
Other Purchased Services	48,284								48,284
Tuition	1,284,853								1,284,853
General Supplies	52,475			170,775					223,250
Other Objects	490								490
Student Activities and Athletics	369,636	-	-	-	-	-	-	-	369,636
Total Instruction	3,107,812	-	1,798	170,775	173,800	34,000	41,802	-	3,529,987
Support Services									
Employee Benefits	401,497				91,992				493,489
Purchased Professional and Technical	174,955	60,661	7,500	-					243,116
Cleaning, Repairs and Maintenance	26,378								26,378
Supplies and Materials	30,240								30,240
Transportation	140,349								140,349
Other Objects	301	-	-	-	-	-	-	-	301
Total Support Services	773,720	60,661	7,500	-	91,992	-	-	-	933,873
Facilities Acq. and Construct.									
Instructional Equipment	27,809								27,809
Construction Services	-	-	-	314,665	-	-	-	70,292	384,957
Total Facilities Acquisition and Construction Services	27,809	-	-	314,665	-	-	-	70,292	412,766
Total Expenditures	3,909,341	60,661	9,298	485,440	265,792	34,000	41,802	70,292	4,876,626
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(537,619)	-	-	-	-	-	-	-	(537,619)
Other Financing Sources									
Transfer In - General Fund	536,475	-	-	-	-	-	-	-	536,475
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(1,144)	-	-	-	-	-	-	-	(1,144)
Fund Balance, July 1, 2022	116,389	-	-	-	-	-	-	-	116,389
Fund Balance, June 30, 2023	\$ 115,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,245

**LODI BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<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	\$ 522,944	\$ 80,600	\$ 603,544	\$ 603,544	
Other Salaries for Instruction	144,361	58,656	203,017	203,017	
General Supplies	<u>8,250</u>	<u>1,009</u>	<u>9,259</u>	<u>7,688</u>	\$ 1,571
Total Instruction	<u>675,555</u>	<u>140,265</u>	<u>815,820</u>	<u>814,249</u>	<u>1,571</u>
Support Services					
Personal Services - Employee Benefits	<u>158,865</u>	<u>-</u>	<u>158,865</u>	<u>158,865</u>	<u>-</u>
Total Support Services	<u>158,865</u>	<u>-</u>	<u>158,865</u>	<u>158,865</u>	<u>-</u>
Total Expenditures	<u>\$ 834,420</u>	<u>\$ 140,265</u>	<u>\$ 974,685</u>	<u>\$ 973,114</u>	<u>\$ 1,571</u>

Calculation of Budget Carryover

Total Revised 2022-2023 Preschool Education Aid Allocation	\$ 438,210
Add:	
Preschool Education Aid Carryover (June 30, 2022)	369,647
Budgeted Transfer from the General Fund 2022-2023	<u>536,475</u>
Total Preschool Education Aid Funds Available for 2022-2023 Budget	1,344,332
Less: 2022-2023 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>974,685</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2023	369,647
Add: June 30, 2023 Unexpended Preschool Education Aid	<u>1,571</u>
2022-2023 Carryover - Preschool Education Aid Programs	<u>\$ 371,218</u>
2022-2023 Preschool Education Aid Carryover Budgeted in 2023-2024	<u>\$ 369,647</u>

CAPITAL PROJECTS FUND

**LODI BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Interest Earned</u>	<u>Expenditures</u>		<u>Transfer to General Fund</u>	<u>Balance, June 30, 2023</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Construction of Admin/Child Study Team Building	\$ 2,000,000				\$ 2,000,000	
Energy Savings Improvements	6,411,325	\$ 10,961		\$ 3,239,700		\$ 3,182,586
2022/23 Projects - Thomas Jefferson MS Roof Replacement, New Modular Board Office Building Units, Construction Cost New Office Building, Lodi HS Media Center Roof Replacement, Lodi HS Front Entrance Upgrade, Lodi HS Parking Area Repaving, Roosevelt School Roof Replacement, Roosevelt School Playground Installation Project	<u>4,179,800</u>	<u>-</u>	<u>-</u>	<u>1,482,560</u>	<u>2,385,865</u>	<u>311,375</u>
	<u>\$ 12,591,125</u>	<u>\$ 10,961</u>	<u>\$ -</u>	<u>\$ 4,722,260</u>	<u>\$ 4,385,865</u>	<u>\$ 3,493,961</u>
<u>Recapitulation of Fund Balance:</u>						
Restricted for Capital Projects						<u>\$ 3,493,961</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, 2023

Revenues and Other Financing Sources	
Transfer from General Fund - Capital Reserve	\$ 4,979,800
Interest on Capital Financing Agreement	10,323
Interest Income	<u>70,959</u>
 Total Revenues and Other Financing Sources	 <u>5,061,082</u>
 Expenditures and Other Financing Uses	
Other Purchased Professional and Technical Services	1,514,127
Construction Services	3,208,133
Transfer to General Fund	<u>4,456,824</u>
 Total Expenditures and Other Financing Uses	 <u>9,179,084</u>
 Excess Of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	 (4,118,002)
 Fund Balance, July 1, 2022	 <u>7,611,963</u>
 Fund Balance, June 30, 2023	 <u>\$ 3,493,961</u>
 <u>Recapitulation</u>	
Year-End Encumbrances	\$ 2,449,771
Restricted for Capital Projects	<u>1,044,190</u>
	 <u>\$ 3,493,961</u>

**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, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Local Sources - Transfer from Capital Reserve	\$ 2,000,000	-	\$ 2,000,000	\$ 2,000,000
 Total Revenues	 2,000,000	 -	 2,000,000	 2,000,000
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services			-	200,000
Construction Services			-	1,800,000
Transfer to General Fund - Capital Reserve	-	\$ 2,000,000	2,000,000	-
 Total Expenditures and Other Financing Uses	 -	 2,000,000	 2,000,000	 2,000,000
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ 2,000,000	 \$ (2,000,000)	 \$ -	 \$ -

Additional Project Information:

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

**LODI BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
ENERGY SAVINGS IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Local Sources				
Capital Financing Agreement	\$ 5,611,325		\$ 5,611,325	\$ 5,611,325
Transfer from Capital Reserve		\$ 800,000	800,000	800,000
Interest on Capital Financing Agreement	<u>638</u>	<u>10,323</u>	<u>10,961</u>	<u>-</u>
 Total Revenues	 <u>5,611,963</u>	 <u>810,323</u>	 <u>6,422,286</u>	 <u>6,411,325</u>
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services		1,514,127	1,514,127	1,600,000
Construction Services	<u>-</u>	<u>1,725,573</u>	<u>1,725,573</u>	<u>4,811,325</u>
 Total Expenditures and Other Financing Uses	 <u>-</u>	 <u>3,239,700</u>	 <u>3,239,700</u>	 <u>6,411,325</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 5,611,963</u>	 <u>\$ (2,429,377)</u>	 <u>\$ 3,182,586</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	6,411,325
Additional Authorized Cost	-
Revised Authorized Cost	6,411,325
 Percentage Increase over Original Authorized Cost	 0%
Percentage Completion	50%

**LODI BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
THOMAS JEFFERSON MS ROOF REPLACEMENT, NEW MODULAR BOARD OFFICE BUILDING UNITS,
CONSTRUCTION COST NEW OFFICE BUILDING, LODI HS MEDIA CENTER ROOF REPLACEMENT, LODI HS
FRONT ENTRANCE UPGRADE, LODI HS PARKING AREA REPAVING, ROOSEVELT SCHOOL ROOF REPLACEMENT,
ROOSEVELT SCHOOL PLAYGROUND INSTALLATION PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<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	\$ -	\$ 4,179,800	\$ 4,179,800	\$ 4,179,800
Total Revenues	-	4,179,800	4,179,800	4,179,800
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services			-	-
Construction Services	-	1,482,560	1,482,560	4,179,800
Transfer to General Fund - Capital Reserve	-	2,385,865	2,385,865	-
Total Expenditures and Other Financing Uses	-	3,868,425	3,868,425	4,179,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 311,375	\$ 311,375	\$ -
 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		4,179,800		
Additional Authorized Cost				
Revised Authorized Cost		4,179,800		
 Percentage Increase over Original Authorized Cost				
		0%		
Percentage Completion		93%		

PROPRIETARY FUND

**LODI BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2023**

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, 2023**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS
(Not Applicable)

LONG-TERM DEBT

**LODI BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

LODI BOARD OF EDUCATION
 LONG-TERM DEBT
 OBLIGATIONS UNDER CAPITAL FINANCING AGREEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>					
Energy Savings Improvements	5/18/2022	\$ 5,611,325	7/15/23	\$ 557,115	2.795 %	\$ 5,611,325	-	-	\$ 5,611,325
			7/15/24	271,733	2.795 %				
			7/15/25	260,682	2.795 %	\$ 5,611,325	-	-	\$ 5,611,325
			7/15/26	275,897	2.795 %				
			7/15/27	291,705	2.795 %				
			7/15/28	286,037	2.795 %				
			7/15/29	302,460	2.795 %				
			7/15/30	319,519	2.795 %				
			7/15/31	337,234	2.795 %				
			7/15/32	355,629	2.795 %				
			7/15/33	374,724	2.795 %				
			7/15/34	394,546	2.795 %				
			7/15/35	415,117	2.795 %				
			7/15/36	436,464	2.795 %				
			7/15/37	458,611	2.795 %				
			7/15/38	273,852	2.795 %				

**LODI BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Lodi Board of Education's annual comprehensive 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 district's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the district'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 district'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 district's current levels of outstanding debt and the district'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 district'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 district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment In Capital Assets	\$ 31,047,402	\$ 32,817,931	\$ 32,826,729	\$ 32,197,528	\$ 31,336,608	\$ 31,423,228	\$ 33,424,991	\$ 2,559,587	\$ 7,089,314	\$ 8,720,790
Restricted	7,161,080	8,472,291	9,235,108	9,055,820	7,609,435	5,844,612	5,402,726	4,469,033	3,356,171	7,889,654
Unrestricted	(617,457)	(10,511,258)	(11,092,318)	(10,154,950)	(8,534,943)	(8,819,343)	(9,527,183)	(6,288,421)	(2,580,638)	(2,554,348)
Total Governmental Activities Net Position	\$ 37,591,025	\$ 30,778,964	\$ 30,969,519	\$ 31,098,398	\$ 30,411,100	\$ 28,448,497	\$ 29,300,534	\$ 740,199	\$ 7,864,847	\$ 14,056,096
Business-Type Activities										
Investment In Capital Assets	\$ 255,647	\$ 266,427	\$ 300,098	\$ 280,291	\$ 277,574	\$ 264,446	\$ 211,186	\$ 62,194	\$ 53,990	\$ 60,336
Unrestricted	413,061	382,161	320,432	329,579	308,567	334,870	233,971	334,629	647,249	760,686
Total Business-Type Activities Net Position	\$ 668,708	\$ 648,588	\$ 620,530	\$ 609,870	\$ 586,141	\$ 599,316	\$ 445,157	\$ 396,823	\$ 701,239	\$ 821,022
District-Wide										
Net Investment In Capital Assets	\$ 31,303,049	\$ 33,084,358	\$ 33,126,827	\$ 32,477,819	\$ 31,614,182	\$ 31,687,674	\$ 33,636,177	\$ 2,621,781	\$ 7,143,304	\$ 8,781,126
Restricted	7,161,080	8,472,291	9,235,108	9,055,820	7,609,435	5,844,612	5,402,726	4,469,033	3,356,171	7,889,654
Unrestricted	(204,396)	(10,129,097)	(10,771,886)	(9,825,371)	(8,226,376)	(8,484,473)	(9,293,212)	(5,953,792)	(1,933,389)	(1,793,662)
Total District Net Position	\$ 38,259,733	\$ 31,427,552	\$ 31,590,049	\$ 31,708,268	\$ 30,997,241	\$ 29,047,813	\$ 29,745,691	\$ 1,137,022	\$ 8,566,086	\$ 14,877,118

Note 1 - Net position at June 30, 2014 was restated to reflect the implementation of GASB Statement No. 68, "Accounting and Reporting for Pensions".

Note 2 - Net position at June 30, 2020 was restated to reflect of the implementation of GASB Statement No. 84 "Fiduciary Activities".

Note 3 - Net position at June 30, 2021 was restated to reflect the updated appraisal report of District owned capital assets and related depreciation.

Source : District's financial statements

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 21,025,223	\$ 25,286,800	\$ 26,280,042	\$ 29,361,270	\$ 28,962,892	\$ 29,453,412	\$ 27,648,165	\$ 32,471,706	\$ 28,766,895	\$ 28,941,844
Special Education	13,529,203	14,968,663	15,749,984	15,355,192	16,579,747	17,405,573	18,161,581	17,323,452	17,028,138	16,928,985
Other Instruction	1,918,561	2,109,553	1,867,675	2,226,049	2,236,311	2,442,385	2,389,611	2,655,539	2,070,017	2,203,241
School Sponsored Activities And Athletics	653,789	797,017	857,029	1,091,667	1,100,422	1,067,194	976,973	1,082,181	1,269,884	1,437,791
Community Services					1,288	645				
Support Services										
Student And Instruction Related Services	6,295,710	7,399,427	8,505,882	8,951,873	9,086,831	9,229,405	8,753,490	9,490,579	9,858,404	11,846,460
General Administration	1,031,137	1,146,902	1,431,245	1,191,958	1,268,041	1,143,295	1,064,530	1,105,005	1,050,380	1,064,976
School Administrative Services	3,080,163	3,677,520	3,668,600	4,409,417	4,329,762	4,094,029	3,825,035	4,270,344	3,255,892	3,086,202
Plant Operations And Maintenance	6,261,688	5,923,142	6,285,496	6,329,612	6,533,146	6,596,646	6,236,726	5,996,834	5,036,971	4,242,403
Pupil Transportation	1,945,076	1,754,530	2,191,051	2,333,253	2,373,251	2,613,351	2,534,443	1,965,924	3,562,600	4,098,309
Business Services	895,792	1,017,553	1,050,862	1,146,386	1,252,422	1,307,640	1,219,187	1,449,190	1,010,260	968,516
Interest On Long-Term Debt and Other Charges	295,362	204,430	171,998	91,956	81,012	36,569	25,046	13,396	23,129	154,635
Total Governmental Activities Expenses	<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>	<u>72,834,787</u>	<u>77,824,150</u>	<u>72,932,570</u>	<u>74,973,362</u>
Business-Type Activities:										
Food Service	1,318,033	1,365,030	1,375,593	1,388,608	1,374,423	1,363,031	1,068,716	526,182	1,639,731	1,747,107
Total Business-Type Activities Expense	<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>	<u>1,068,716</u>	<u>526,182</u>	<u>1,639,731</u>	<u>1,747,107</u>
Total District Expenses	<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>	<u>\$ 73,903,503</u>	<u>\$ 78,350,332</u>	<u>\$ 74,572,301</u>	<u>\$ 76,720,469</u>
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 43,902	\$ 119,939	\$ 109,712	\$ 68,445	\$ 27,473	\$ 29,129		\$ 116,110	\$ 196,958	\$ 368,492
Operating Grants And Contributions	8,703,944	14,696,528	16,756,882	21,060,518	20,846,446	20,324,889	\$ 18,092,459	25,027,318	19,205,276	18,239,643
Capital Grants And Contributions	339,798	405,010	165,177	-	-	-	-	29,466	1,567,733	3,184,388
Total Governmental Activities Program Revenues	<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>	<u>18,092,459</u>	<u>25,172,894</u>	<u>20,969,967</u>	<u>21,792,523</u>
Business-Type Activities:										
Charges For Services										
Food Service	491,476	458,194	437,137	438,374	445,558	455,218	346,650	7,060	1,955	533,954
Operating Grants And Contributions	926,945	886,686	913,865	944,044	903,879	914,915	640,383	598,156	1,941,753	1,358,708
Total Business Type Activities Program Revenues	<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>	<u>987,033</u>	<u>605,216</u>	<u>1,943,708</u>	<u>1,892,662</u>
Total District Program Revenues	<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>	<u>\$ 19,079,492</u>	<u>\$ 25,778,110</u>	<u>\$ 22,913,675</u>	<u>\$ 23,685,185</u>

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental Activities	\$ (47,844,060)	\$ (49,064,060)	\$ (51,028,093)	\$ (51,359,670)	\$ (52,931,206)	\$ (55,036,126)	\$ (54,742,328)	\$ (52,651,256)	\$ (51,962,603)	\$ (53,180,839)
Business-Type Activities	100,388	(20,150)	(24,591)	(6,190)	(24,986)	7,102	(81,683)	79,034	303,977	145,555
Total District-Wide Net Expense	<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>	<u>\$ (54,824,011)</u>	<u>\$ (52,572,222)</u>	<u>\$ (51,658,626)</u>	<u>\$ (53,035,284)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 39,463,253	\$ 38,878,553	\$ 39,028,935	\$ 39,040,604	\$ 38,452,529	\$ 38,707,933	\$ 38,951,132	38,955,659	39,148,169	\$ 39,060,220
State Aid	11,913,661	11,984,254	11,956,668	12,156,831	13,272,916	13,778,053	15,473,554	16,317,704	19,496,349	24,370,797
Interest Earned on Capital Reserve Funds										
Miscellaneous Income	290,825	341,201	232,623	287,297	524,914	587,537	245,621	195,592	442,733	1,120,723
Donation of Capital Assets	4,805	72,923	6,945	-	-	-	-	-	-	-
Loss on Disposal of Capital Assets	(5,467)	-	(6,523)	(1,539)	(6,451)	-	-	-	-	-
Total Governmental Activities	<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>	<u>54,670,307</u>	<u>55,468,955</u>	<u>59,087,251</u>	<u>64,551,740</u>
Business-Type Activities:										
Unrestricted Miscellaneous Revenues	13	30	44	19	1,257	6,073	3,925	98	439	20,961
Loss on Disposal of Capital Assets	-	-	(3,511)	(4,489)	-	-	-	-	-	-
Total Business-Type Activities	<u>13</u>	<u>30</u>	<u>(3,467)</u>	<u>(4,470)</u>	<u>1,257</u>	<u>6,073</u>	<u>3,925</u>	<u>98</u>	<u>439</u>	<u>20,961</u>
Total District-Wide	<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>	<u>\$ 54,674,232</u>	<u>\$ 55,469,053</u>	<u>\$ 59,087,690</u>	<u>\$ 64,572,701</u>
Change in Net Position										
Governmental Activities	\$ 3,823,017	\$ 2,212,871	\$ 190,555	\$ 123,523	\$ (687,298)	\$ (1,962,603)	\$ (72,021)	\$ 2,817,699	\$ 7,124,648	\$ 11,370,901
Business-Type Activities	100,401	(20,120)	(28,058)	(10,660)	(23,729)	13,175	(77,758)	79,132	304,416	166,516
Total District	<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>	<u>\$ (149,779)</u>	<u>\$ 2,896,831</u>	<u>\$ 7,429,064</u>	<u>\$ 11,537,417</u>

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 8,186,028	\$ 9,392,393	\$ 3,082,707	\$ 12,325,271	\$ 9,947,124	\$ 7,178,827	\$ 6,807,392	\$ 8,283,695	\$ 9,492,461	\$ 15,011,833
Committed	835,457	854,750	383,000		932,195	2,073,863	689,905	593,901	616,869	131,145
Assigned	507,162	73,969	185,537	357,226	556,437	508,243	952,855	609,978	822,039	2,291,150
Unassigned	(657,736)	(643,189)	(500,082)	(657,449)	(856,706)	(1,212,067)	(1,260,808)	(410,205)	(609,035)	(2,043,667)
Total General Fund	<u>\$ 8,870,911</u>	<u>\$ 9,677,923</u>	<u>\$ 3,151,162</u>	<u>\$ 12,025,048</u>	<u>\$ 10,579,050</u>	<u>\$ 8,548,866</u>	<u>\$ 7,189,344</u>	<u>\$ 9,077,369</u>	<u>\$ 10,322,334</u>	<u>\$ 15,390,461</u>
All Other Governmental Funds										
Restricted	\$ 508,320	\$ 227,563	\$ 7,399,228	\$ 29,555	\$ 2,000,000	\$ 2,000,000	\$ 2,101,362	\$ 2,120,245	\$ 7,728,352	\$ 3,609,206
Unassigned	(41,388)	(55,330)	(50,096)	(38,361)						
Total All Other Governmental Funds	<u>\$ 466,932</u>	<u>\$ 172,233</u>	<u>\$ 7,349,132</u>	<u>\$ (8,806)</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,101,362</u>	<u>\$ 2,120,245</u>	<u>\$ 7,728,352</u>	<u>\$ 3,609,206</u>

Note: Fund balances in the General and Special Revenue Funds at June 30, 2020 were restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property Taxes	\$ 39,463,253	\$ 38,878,553	\$ 39,028,935	\$ 39,040,604	\$ 38,452,529	\$ 38,707,933	\$ 38,951,132	\$ 38,955,659	\$ 39,148,169	\$ 39,060,220
Tuition Charges	43,902	119,939	109,712	68,445	27,473	29,129		26,212		-
Miscellaneous	290,826	242,351	247,779	297,944	533,895	589,533	245,621	297,490	641,688	1,489,215
State Sources	19,199,528	20,332,965	20,808,518	21,620,855	23,649,311	26,561,127	29,021,530	31,469,304	37,803,906	43,130,213
Federal Sources	1,757,875	1,794,222	1,911,292	1,822,169	1,889,959	1,960,836	1,777,850	3,165,912	3,829,185	6,921,637
Total Revenues	60,755,384	61,368,030	62,106,236	62,850,017	64,553,167	67,848,558	69,996,133	73,914,577	81,422,948	90,601,285
Expenditures										
Instruction										
Regular Instruction	21,818,161	22,169,857	22,516,384	23,478,058	24,158,145	26,345,035	26,036,956	28,924,542	30,097,767	31,361,124
Special Education Instruction	13,697,743	14,419,203	15,093,336	14,334,529	15,712,892	16,887,015	17,907,339	16,754,336	17,258,316	17,477,491
Other Instruction	2,009,587	1,813,691	1,549,205	1,693,608	1,790,154	2,127,476	2,212,054	2,275,857	2,190,079	2,416,651
School Sponsored Activities And Athletics	672,369	690,895	730,487	865,027	907,168	1,013,500	984,117	1,032,480	1,372,838	1,592,913
Community Services					1,288	645				-
Support Services										
Student and Inst. Related Services	6,518,298	6,751,297	7,640,832	7,479,234	7,786,285	8,354,754	8,305,104	8,480,324	10,205,599	12,927,359
General Administration	1,049,110	1,119,251	1,090,123	1,114,621	1,172,428	1,105,996	1,068,514	1,073,785	1,103,812	1,107,975
School Administration	3,227,255	3,313,646	3,279,742	3,566,889	3,616,136	3,678,101	3,668,457	3,806,828	3,487,979	3,489,205
Plant Operations And Maintenance	4,691,988	4,406,730	4,539,439	4,361,039	4,475,992	4,766,108	4,576,454	4,426,666	4,566,414	4,549,127
Pupil Transportation	1,945,076	1,754,530	2,191,051	2,333,253	2,373,251	2,613,351	2,534,443	1,965,924	3,562,600	4,098,309
Business Services	935,599	966,118	971,862	982,447	1,072,545	1,176,909	1,171,441	1,304,729	1,070,947	1,076,707
Unallocated Employee Benefits										
Capital Outlay	2,857,181	2,773,383	1,331,847	606,120	408,681	1,316,802	2,407,026	1,472,898	5,037,600	9,555,443
Debt Service										
Principal	544,998	465,000	455,000	440,000	445,000	465,000	465,000	480,000	225,000	-
Interest And Other Charges	241,540	212,116	193,545	79,244	70,394	28,050	18,750	9,300	2,250	-
Total Expenditures	60,208,905	60,855,717	61,582,853	61,334,069	63,990,359	69,878,742	71,355,655	72,007,669	80,181,201	89,652,304
Excess (Deficiency) Of Revenues Over (Under) Expenditures	546,479	512,313	523,383	1,515,948	562,808	(2,030,184)	(1,359,522)	1,906,908	1,241,747	948,981
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	210,148	157,817	166,568	9,973,099
Transfers Out	(880,724)	(282,842)	(7,716,552)	(7,392,040)	(2,182,576)	(176,705)	(210,148)	(157,817)	(166,568)	(9,973,099)
Total Other Financing Sources (Uses)	-	-	126,755	-	-	-	-	-	-	-
Net Change In Fund Balances	\$ 546,479	\$ 512,313	\$ 650,138	\$ 1,515,948	\$ 562,808	\$ (2,030,184)	\$ (1,359,522)	\$ 1,906,908	\$ 1,241,747	\$ 948,981
Debt Service As A Percentage Of Noncapital Expenditures	1.37%	1.17%	1.08%	0.86%	0.81%	0.72%	0.70%	0.69%	0.30%	0.00%

* 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 Refunds</u>	<u>Other Refunds</u>	<u>E-Rate</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2020	170,394		23,988		22,714	217,096
2021	7,689	26,212	47,798		139,077	220,776
2022	19,449	41,642	114,489	\$ 252,219	11,866	439,665
2023	718,411		75,067	220,973		1,014,451

Source : District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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	2,514,716,293	1.962
2020	8,951,700	1,416,846,700	285,100,300	122,049,900	136,150,900	1,969,099,500	79,120	1,969,178,620	2,659,461,343	1.978
2021	8,874,800	1,422,879,800	281,378,000	121,584,000	136,150,900	1,970,867,500	74,160	1,970,941,660	2,672,512,071	1.991
2022	5,644,200	1,427,757,400	282,049,400	155,962,000	136,150,900	2,007,563,900	74,160	2,007,638,060	2,803,560,124	1.954
2023	5,678,800	1,428,560,300	282,574,800	155,962,000	136,150,900	2,008,926,800	68,660	2,008,995,460	2,941,428,030	1.950

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
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
2020	1.978	0.973	0.320	0.014	3.285
2021	1.991	0.973	0.328	0.013	3.305
2022	1.954	0.972	0.324	0.014	3.264
2023	1.950	0.976	0.335	0.015	3.276

Source: Borough of Lodi, Tax Assessor

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

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
IPT Lodi DC LLC	\$ 34,378,000	1.71%	Cedar Wright Apts	\$ 27,697,100	1.43%
Cedar Wright Apts LLC	26,009,700	1.29%	Vornado Realty Trust	20,302,900	1.05%
Sheila Zipporah LP	22,511,900	1.12%	Parker Properties c/o Home Depot	16,266,600	0.84%
Lodi UE LLC	20,553,200	1.02%	Rothman, Leonard & Mildred	13,154,700	0.68%
JMP 150-174 Essex St LLC	13,799,000	0.69%	Vornado Lodi Delaware LLC	12,415,400	0.64%
Rothman, Leonard & Mildred	13,154,700	0.65%	Lodi Market LLC	11,345,700	0.59%
Lodi Market LLC	11,345,700	0.56%	Kmart Corp Tax Department	10,973,400	0.57%
Extra Space Storage Inc	10,878,700	0.54%	240 Associates c/o J Ratner	8,955,700	0.46%
Lodi Value ADD II LLC	9,200,000	0.46%	240 Associates c/o David F. Bolger	8,000,000	0.41%
Cedar Wright Apts	8,955,700	0.45%	Vista Garden Associates LLC	7,790,900	0.40%
	<u>\$ 170,786,600</u>	<u>8.50%</u>		<u>\$ 136,902,400</u>	<u>7.08%</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	
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%	
2020	38,951,132	38,951,132	100.00%	
2021	38,955,132	38,955,132	100.00%	
2022	39,148,169	39,148,169	100.00%	
2023	39,060,220	39,060,220	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities					
	Pension Refunding Bonds	Capital Financing Agreements	Certificates of Participation	Total School District	Population	Per Capita
2014	\$ 120,000		\$ 3,125,000	\$ 3,245,000	24,397	\$ 133
2015			2,780,000	2,780,000	24,419	114
2016			2,520,000	2,520,000	24,470	103
2017			2,080,000	2,080,000	24,439	85
2018			1,635,000	1,635,000	24,492	67
2019			1,635,000	1,635,000	24,430	67
2020			705,000	705,000	24,349	29
2021			225,000	225,000	24,206	9
2022		\$ 5,611,325		5,611,325	25,966	216
2023		5,611,325		5,611,325	25,786	218

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	Pension Refunding Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2014	\$ 120,000	\$ 120,000	-	0.00%	-
2015			-	-	-
2016			-	-	-
2017			-	-	-
2018			-	-	-
2019			-	-	-
2020			-	-	-
2021			-	-	-
2022			-	-	-
2023					

Source: District records

**LODI BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2023
(Unaudited)**

Net Direct Debt of School District as of June 30, 2023		\$ -
Net Overlapping Debt of School District		
Borough of Lodi	\$ 21,612,527	
Bergen County (A)	21,730,657	
Passaic Valley Sewerage Commission (B)	<u>4,424,507</u>	
		<u>47,767,691</u>
Total Direct and Overlapping Debt as of June 30, 2023		<u>\$ 47,767,691</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2022 equalized valuation by the total 2022 equalized valuation for Bergen County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Borough of Lodi 2022 Annual Debt Statement
- (2) Bergen County 2022 Annual Debt Statement
- (3) Passaic Valley Sewerage Commission

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 81,494,998	\$ 81,579,419	\$ 82,035,437	\$ 83,246,044	\$ 86,179,179	\$ 90,592,199	\$ 98,543,990	\$ 103,553,017	\$ 107,354,735	\$ 110,890,948
Total Net Debt Applicable To Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 81,494,998</u>	<u>\$ 81,579,419</u>	<u>\$ 82,035,437</u>	<u>\$ 83,246,044</u>	<u>\$ 86,179,179</u>	<u>\$ 90,592,199</u>	<u>\$ 98,543,990</u>	<u>\$ 103,553,017</u>	<u>\$ 107,354,735</u>	<u>\$ 110,890,948</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized Valuation Basis

2022	\$ 2,923,920,623
2021	2,737,696,208
2020	<u>2,655,204,288</u>
	<u>\$ 8,316,821,119</u>

Average Equalized Valuation of Taxable Property

\$ 2,772,273,706

Debt Limit (4 % of Average Equalization Value)

\$ 110,890,948

Total Net Debt Applicable to Limit

-

Legal Debt Margin

\$ 110,890,948

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

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	24,397	\$ 73,883	7.8%
2015	24,419	77,323	6.5%
2016	24,470	78,836	6.2%
2017	24,439	81,024	5.5%
2018	24,492	85,191	5.0%
2019	24,430	88,241	4.2%
2020	24,349	91,972	13.8%
2021	24,206	97,343	9.0%
2022	25,966	N/A	4.7%
2023	25,786	N/A	N/A

Source: New Jersey State Department of Education

N/A - Information Not Available

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022 (1)</u>	<u>2023 (1)</u>
Instruction										
Regular	191	186	185	185	188	189	191	189		
Special Education	29	28	29	30	28	28	29	28		
Other Instruction	16	21	21	18	17	17	17	17	Information	Information
School Sponsored Activities And Athletics					1	1	1	1	not	not
Support Services									Available	Available
Student and Instruction Related Services	16	16	15	18	18	18	18	18		
General Administration	5	5	5	5	5	5	5	5		
School Administrative Services	23	23	23	23	23	23	23	23		
Central Services	5	5	5	5	5	5	5	5		
Administrative Information Technology	2	2	2	2	2	2	2	3		
Plant Operations and Maintenance	26	26	26	25	27	27	27	27		
Other Support Services	23	23	24	23	23	23	23	22		
Total	336	335	335	334	337	338	341	338	-	-

Source: District Personnel Records

(1) Information Not Available

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

Fiscal Year	Enrollment	Operating Expenditures (A)	Cost Per Pupil	Percentage Change	Teaching Staff	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2020	2,917	68,464,879	23,471	4.17%	238	3,177	2,728	5.16%	85.87%
2021	2,953	70,045,471	23,720	1.06%	238	3,182	2,762	0.16%	86.80%
2022	2,968	74,916,351	25,241	6.41%	238	2,933	2,739	-7.83%	93.39%
2023	3,050	80,096,861	26,261	10.71%	242	3,031	2,733	3.34%	90.15%

Student/Faculty Ratios

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Columbus	18.0 to 1	16.0 to 1	17.0 to 1	19.0 to 1	16.0 to 1	16.0 to 1	16.0 to 1	16.0 to 1	16.0 to 1	16.0 to 1
Hilltop	16.0 to 1	16.1 to 1	15.0 to 1	14.0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1
Roosevelt	12.0 to 1	14.0 to 1	13.0 to 1	14.0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1
Washington	16.0 to 1	16.0 to 1	16.0 to 1	14.0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1	14:0 to 1
Wilson	16.0 to 1	16.0 to 1	16.0 to 1	15.0 to 1	15:0 to 1	15:0 to 1	15:0 to 1	15:0 to 1	15:0 to 1	15:0 to 1
Thomas Jefferson Middle School	12.0 to 1	12.0 to 1	13.0 to 1	13.0 to 1	13:0 to 1	13:0 to 1	13:0 to 1	13:0 to 1	13:0 to 1	13:0 to 1
Lodi High School	11.0 to 1	15.0 to 1	14.0 to 1	14.0 to 1	14:0 to 1	14:0 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)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
<u>Lodi High School</u>										
Square Feet	139,800	139,509	139,509	139,509	139,509	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	990.64	919.49	908.64	878.62	848.85	864.03	827.00	871.00	897.00	913.00
<u>Thomas Jefferson Middle School</u>										
Square Feet	86,700	88,900	88,900	88,900	88,900	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 ⁴	683.99	714.91	715.43	719.44	721.29	723.69	712.00	703.00	698.00	693.00
<u>Columbus Elementary School</u>										
Square Feet	42,400	42,100	42,100	42,100	42,100	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	278.41	294.51	297.23	271.32	250.41	223.75	231.00	225.00	232.00	256.00
<u>Hilltop Elementary School</u>										
Square Feet	54,340	64,340	64,340	64,340	64,340	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	392.02	378.19	358.89	358.47	354.99	334.75	300.00	301.00	284.00	315.00
<u>Roosevelt Elementary School</u>										
Square Feet	18,150	16,736	16,736	16,736	16,736	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	181.41	175.17	179.76	175.46	176.67	171.83	167.00	171.00	179.00	166.00
<u>Washington Elementary School</u>										
Square Feet	58,170	57,200	57,200	57,200	57,200	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	420.18	407.94	393.15	379.67	387.37	366.13	346.00	347.00	335.00	359.00
<u>Wilson Elementary School</u>										
Square Feet	53,640	51,500	51,500	51,500	51,500	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	363.14	336.65	348.73	356.58	353.87	337.00	334.00	335.00	343.00	349.00

Number of Schools at June 30, 2023

- 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Lodi High School	\$ 341,052	\$ 323,465	\$ 359,460	\$ 278,190	\$ 252,792	\$ 272,020	\$ 311,016	\$ 320,679	\$ 280,366	\$ 271,132
Columbus School	181,977	79,243	124,956	91,564	96,278	83,686	93,856	96,772	84,607	81,820
Hilltop School	102,696	64,946	80,662	76,792	98,371	102,864	143,437	147,894	129,302	125,043
Thomas Jefferson Middle School	99,349	215,045	216,811	152,090	334,999	139,759	198,190	204,348	178,659	172,775
Lincoln School	69,248	29,471	25,769	37,067	36,154	35,741	-	-	-	-
Roosevelt School	44,030	56,788	41,656	17,142	30,636	34,869	37,311	38,470	33,634	32,526
Washington School	106,419	106,591	115,960	109,508	89,478	90,659	127,520	131,481	114,953	111,167
Wilson School	142,372	86,764	75,559	92,631	105,098	87,172	114,813	118,379	103,498	100,089
Grand Total	\$ 1,087,143	\$ 962,313	\$ 1,040,833	\$ 854,984	\$ 1,043,806	\$ 846,770	\$ 1,026,143	\$ 1,058,023	\$ 925,019	\$ 894,551

**LODI BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2023
(Unaudited)**

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
Property Coverages	NJ School Schools Insurance Group		
Special Form R.C.			
Blanket Building and Contents		\$ 500,000,000	\$ 5,000
Extra Expenses		50,000,000	5,000
Valuable Papers		10,000,000	5,000
Environmental Impairment Liability	Ironshore Insurance Company	11,000,000	50,000
Cyber Liability	NJ School Schools Insurance Group	450,000	25,000
Liability Coverages	NJ School Schools Insurance Group		
General Liability		16,000,000	5,000
Crime	NJ School Schools Insurance Group		
Faithful Performance		100,000	500
Forgery and Alteration		50,000	500
Money and Securities		10,000	500
Automobile Coverage	NJ School Schools Insurance Group		
Liability		16,000,000	
Auto Physical Damage			1,000
School Leaders Errors and Omissions	NJ School Schools Insurance Group	15,000,000	10,000
Bond - School Business Administrator	Hartford Fire Insurance Company	500,000	

Source: School District's records

SINGLE AUDIT SECTION

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, 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
8 Hunter Street
Lodi, New Jersey 07644

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 and each major fund of the Lodi Board of Education as of and for the fiscal year ended June 30, 2023 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 November 14, 2023.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

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 financial statements. 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 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 and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002.

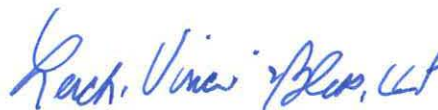
We noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Lodi Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated November 14, 2023.

Lodi Board of Education’s Responses to Findings

The Lodi Board of Education’s responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Lodi Board of Education’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 & BLISS, LLP
Certified Public Accountants
Public School Accountants



Gary J. Vinci
Public School Accountant
PSA Number CS00829

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND 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**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Lodi Board of Education
8 Hunter Street
Lodi, New Jersey 07644

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Lodi Board of Education's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the Lodi Board of Education complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Lodi Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Lodi Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Lodi Board of Education's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lodi Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Lodi Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lodi Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Lodi Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Lodi Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as items 2023-003 through 2023-004. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Lodi Board of Education's responses to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The Lodi Board of Education's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004 to be significant deficiencies.


Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Lodi Board of Education's responses to the internal control over compliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The Lodi Board of Education's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, of the Lodi Board of Education, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated November 14, 2023, 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 & BLISS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 14, 2023

LODI BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Federal A.L. Number	Federal PAIN Number	Grant Period	Award Amount	Balance July 1, 2022		Cash Received	Budgetary Expenditures	Adjustments		Balance June 30, 2023		Memo GAAP Receivable
					(Accounts Receivable)	Unearned Revenue			Accounts Receivable	Unearned Revenue	(Accounts Receivable)	Unearned Revenue	
Federal Grantor/Pass-Through Grantor Program Title													
U.S.D.A. Department of Agriculture Passed Through State Department of Education													
School Breakfast Program	10.553	231N2304N1099	7/1/22-6/30/23	60,605			57,476	60,605				(3,129)	(3,129)
School Breakfast Program	10.553	231N2304N1099	7/1/21-6/30/22	45,722	(2,308)		2,308						
National School Lunch Program	10.555	231N2304N1099	7/1/22-6/30/23	964,158			912,481	964,159				(51,678)	(51,678)
Cash Assistance	10.555	231N2304N1099	7/1/21-6/30/22	1,639,534	(91,195)		91,195						
Cash Assistance	10.555	231N2304N1099	7/1/22-6/30/23	114,586			114,586	114,586					
Non-Cash Assistance (Food Distribution)	10.555	231N2304N1099	7/1/21-6/30/22	87,106		633							
Non-Cash Assistance (Food Distribution)	10.555	231N2304N1099	7/1/21-6/30/22	161,258			161,258	161,258					
Supply Chain Assistance Funding													
Total Child Nutrition Cluster					(93,503)	633	1,329,204	1,301,241				(54,807)	(54,807)
Summer Food Service Program for Children	10.559	231N2304N1199	7/1/22-6/30/23	10,893			10,893						
Total Enterprise Fund					(93,503)	633	1,350,197	1,312,134				(54,807)	(54,807)
Total Federal Financial Awards					\$ (6,207,249)	\$ 2,318,592	\$ 5,722,155	\$ 5,335,513	\$ 66,237	\$ (80,290)	\$ (4,893,130)	\$ 1,584,776	\$ (3,308,354)

LODI BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Department of Education	Grant or State Project Number	Grant Amount	Balance July 1, 2022	Carryover Amount	Cash Received	Budgetary Expenditures	General Fund Contribution	Prior Year Canceled Payables	Repayment of Prior Year Balances	Balance June 30, 2023		Memorandum Budgetary Expenditures
										(Accts. Receivable)	Unearned Revenue	
General Fund:												
Equalization Aid	23-495-034-5120-078	\$ 24,859,967			\$ 22,523,199	\$ 24,859,967					\$ (2,336,768)	\$ 24,859,967
Special Education Aid	22-495-034-5120-078	19,841,750	\$ (1,847,598)		1,847,598							
Special Education Aid	23-495-034-5120-089	2,835,516			2,568,985	2,835,516					(266,531)	2,835,516
Special Education Aid	21-495-034-5120-089	2,835,516	(264,034)		264,034							
Security Aid	23-495-034-5120-084	1,028,863			932,153	1,028,863					(96,710)	1,028,863
Security Aid	22-495-034-5120-084	1,028,863	(95,804)		95,804							
Total State Aid Public			(2,207,432)		28,231,773	28,724,346					(2,700,009)	28,724,346
Transportation Aid	23-495-034-5120-014	674,487			611,087	674,487					(63,400)	674,487
Transportation Aid	22-495-034-5120-014	674,487	(62,806)		62,806							
Extracurricular Aid	23-100-034-5120-473	1,855,378			1,932,469	1,855,378					(1,855,378)	1,855,378
Extracurricular Aid	22-100-034-5120-473	1,932,469	(1,932,469)		1,628,769							
TPAF Social Security Contribution	23-495-034-5094-003	1,711,609			76,995	1,711,609					(82,840)	1,711,609
TPAF Social Security Contribution	22-495-034-5094-003	1,595,583	(76,995)		76,995							
TPAF Pension Contribution - NCGI	23-495-034-5094-004	107,184			7,725,627	107,184						107,184
TPAF Pension Contribution	22-495-034-5094-002	7,725,627			2,057,661	7,725,627						7,725,627
TPAF Pension Contribution - Post Retirement	23-495-034-5094-001	2,057,661			2,470	2,057,661						2,057,661
TPAF Long Term Disability	23-495-034-5094-004	2,470			2,470							2,470
Total General Fund			(4,279,705)		47,436,841	42,858,762					(4,701,627)	42,858,762
Special Revenue Fund:												
Preschool Education Aid	23-495-034-5120-086	438,210		\$ 369,647	394,389	973,114	\$ 516,475				(43,821)	\$ 973,114
Preschool Education Aid	22-495-034-5120-086	437,965		(369,647)	43,797							
New Jersey Nonpublic Aid:												
Nursing	23-100-034-5120-070	14,560			14,560	14,560						14,560
Nursing	22-100-034-5120-070	13,440	449						\$ 449			
Textbooks	23-100-034-5120-064	8,580			8,580	7,744						7,744
Textbooks	22-100-034-5120-064	7,202	89									
Technology	23-100-034-5120-373	5,460			5,460	4,178						4,178
Technology	22-100-034-5120-373	5,040	33									
Security	23-100-034-5120-509	26,680			26,680	26,378						26,378
Security	22-100-034-5120-509	21,000	42									
Auxiliary Services	23-100-034-5120-067	31,922			31,922	26,289						26,289
Compensatory Education	22-100-034-5120-067	43,894	27,514						27,514			
Handicapped Services	23-100-034-5120-066	16,570			16,520	11,564						11,564
Supplemental Instruction	22-100-034-5120-066	15,694	5,897									
Supplemental Instruction	23-100-034-5120-066	4,650			4,650	186						186
Corrective Speech	22-100-034-5120-066	10,230	9,486									
Corrective Speech	23-100-034-5120-066	14,983			14,983	10,245						10,245
Examination and Classification	22-100-034-5120-066	19,908	9,940									
Examination and Classification	23-100-034-5120-066	166,345	62									
School Security Grant - Ayness's Law	N/A	6,660			6,660	6,660						6,660
Climate Change Education Grants to Schools	40/23-60/23	71,221			71,221							
SDA - Capital and Emergent Needs Grant	N/A	70,292			70,292	70,292						70,292
SDA - Capital and Emergent Needs Grant	N/A	70,292			70,292							
Total Special Revenue Fund			379,362		638,462	1,151,210	536,475	71,221	53,650		(43,821)	1,151,210
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	23-100-010-3350-023	44,090			41,760	44,090					(2,330)	44,090
State School Lunch Program	22-100-010-3350-023	40,116	(2,099)		2,099							
State School Breakfast Program	22-100-010-3350-023	2,484			2,362	2,484					(122)	2,484
Total Enterprise Fund			(2,099)		46,221	46,574					(2,452)	46,574
Total State Financial Assistance Subject to Single Audit Determination			(3,892,443)		43,121,525	44,056,546	536,475	71,221	53,650		(4,747,900)	44,056,546

LODI BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2022	Carryover Amount	Cash Received	Budgetary Expenditures	General Fund Contribution	Prior Year Cancelled Payables	Repayment of Prior Year Balances	Balance June 30, 2023			Memorandum		
											(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
Less On-Behalf TPAF Pension and Annuity Aid																
TPAF Pension Contribution - NCGI	23-495-034-5094-004	7/1/22-6/30/23	107,184			(107,184)	(107,184)									(107,184)
TPAF Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23	7,725,627			(7,725,627)	(7,725,627)									(7,725,627)
TPAF Pension Contribution - Post Retirement	23-495-034-5094-001	7/1/22-6/30/23	2,057,661			(2,057,661)	(2,057,661)									(2,057,661)
TPAF Long Term Disability	23-495-034-5094-004	7/1/22-6/30/23	2,470			(2,470)	(2,470)									(2,470)
						<u>(9,892,942)</u>	<u>(9,892,942)</u>									<u>(9,892,942)</u>
Total State Financial Assistance Subject to Major Program Determination				<u>\$ (3,902,443)</u>	<u>\$ -</u>	<u>\$ 33,228,583</u>	<u>\$ 34,163,604</u>	<u>\$ 536,475</u>	<u>\$ 71,221</u>	<u>\$ 53,450</u>	<u>\$ (4,747,900)</u>	<u>\$ 442,501</u>	<u>\$ 22,181</u>	<u>\$ (85,292)</u>	<u>\$ 34,163,604</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, 2023**

NOTE 1 REPORTING ENTITY

The Lodi Board of Education (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are 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* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board's financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

NOTE 4 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 \$416,076 for the general fund and an increase of \$2,978,050 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	\$ 685,589	\$ 42,442,686	\$ 43,128,275
Special Revenue Fund	6,236,048	687,527	6,923,575
Debt Service Fund			-
Food Service Fund	<u>1,312,134</u>	<u>46,574</u>	<u>1,358,708</u>
Total Financial Assistance	<u>\$ 8,233,771</u>	<u>\$ 43,176,787</u>	<u>\$ 51,410,558</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, 2023**

NOTE 5 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 6 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 \$1,711,609 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, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$7,832,811, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,057,661 and TPAF Long-Term Disability Insurance in the amount of \$2,470 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023.

NOTE 7 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 8 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, 2023**

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? X yes none reported

Noncompliance material to the basic financial statements noted? X yes 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? X 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 2 CFR 200 Section 516(a) of U.S. Uniform Guidance X yes no

Identification of major federal programs:

Federal AL Number	FAIN Number	Name of Federal Program or Cluster
84.425D	S425D210027	Coronavirus Response and Relief Supplemental Act (CRRSA - ESSER II)
84.425U	S425U210027	American Rescue Plan - Elementary and Secondary Schools (ARP - ESSER)
84.027	H027A220100	IDEA Part B Basic
84.173	H173A220114	IDEA - Part B Preschool
84.010	S010A220030	ESEA - Title IA
84.425W	S425W210031	ARP - Homeless Children and Youth

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

Auditee qualified as low-risk auditee? yes X no

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part I – Summary of Auditor’s Results

State Awards Section

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

_____ \$1,024,908 _____

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)
495-034-5120-078
495-034-5120-089
495-034-5120-084
495-034-5120-086

Name of State Program
Equalization Aid
Special Education Aid
Security Aid
Preschool Education Aid

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

Finding 2023-001

Our audit of the District's contracts indicated the following:

- Contracts in excess of the bid threshold for energy savings improvements were not approved in the official minutes by the Board.
- Post award notice for a contract in excess of \$2.5 million was not submitted to the New Jersey Office of the State Comptroller within twenty days of award.
- Request for proposal and public advertisement of award was not available for a professional service contract.
- Invoices for various capital construction contracts were not detailed as to hourly rates, time and material utilized in accordance with the cooperative purchasing agreement. In addition, certain contracts and change orders were not submitted to the Board for their approval.

Criteria or specific requirement

Public School Contracts Law

Condition

Contracts in excess of the bid threshold were not approved by the Board for energy savings improvements. A post award notice was not submitted to the NJ Office of the State Comptroller within twenty days of award. Request of proposal and public advertisement of award was not available for audit. Vendor invoices for construction contracts were submitted for lump sums and did not include detail of hourly rates, time and material utilized.

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

Finding 2023-001 (Continued)

Context

Two (2) contracts awarded to Jersey State Controls for HVAC Controls in the amount of \$1,399,558 and Northeastern Interior Services in the amount of \$800,500, respectively, were not submitted to the Board for their approval. The contracts were part of the District's energy savings improvement program. Additionally, a change order to Northeastern Interior Services in the amount of \$74,664 was not approved in the Board's official minutes.

A post award notice was not submitted to the New Jersey Office of the State Comptroller for a contract awarded in excess of \$2.5 million within twenty days of award. The contract for \$5,133,622 was awarded to GL Group for HVAC Improvements.

A request for proposal and public advertisement of award was not available for audit for a professional service contract awarded to Delta T Group North Jersey Inc for staff placements.

Payments were made to GL Group in the amount of \$2,687,519 and to Northeastern Interior Services in the amount of \$2,183,765 for various construction projects through the use of the Hunterdon County Educational Services Commission (HCESC) cooperative purchasing agreement. Such agreement stipulates hourly rates and material cost as part of the contract. Invoices submitted by the vendors were for lump sum amounts and did not include the detail of hourly rates, time and materials in accordance with the cooperative agreement.

Effect

The District is not in compliance with the public school contracts law.

Cause

Unknown.

Recommendation

Internal controls over expenditures be reviewed and enhanced to ensure compliance with the public school contracts law.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated that corrective action will be taken.

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

Finding 2023-002

Our audit of year end liabilities indicated certain purchase orders were not properly classified as accounts payable and encumbrances. Additionally, unrecorded liabilities existed at June 30, 2023.

Criteria or specific requirement

State Department of Education’s GAAP Technical System Manual, Generally Accepted Accounting Principles

Condition

Certain purchase orders classified as encumbrances payable were determined to be accounts payable at year end in both the General and Capital Project Funds. A purchase order classified as an accounts payable was determined to be an encumbrance in the Special Revenue Fund. In addition, unrecorded liabilities exist in the Capital Projects Fund.

Context

- Encumbrances recorded in the General Fund in the amount of \$642,598 were reclassified to accounts payable.
- Encumbrances recorded in the Capital Projects Fund in the amounts of \$469,051 were reclassified to accounts payable.
- Accounts Payable recorded in the Special Revenue Fund in the amount of \$239,937 were reclassified to encumbrances.
- Unrecorded liabilities were noted in the Capital Projects Fund for an unpaid contract balance in the amount of \$1,079,379.

Effect

The financial statement account balances for accounts payable and encumbrances payable may be misstated at year end. However, audit adjustments were made to properly reflect the financial account balances.

Cause

Purchase orders were not reviewed to ensure that services were accrued and or properly classified and charged at year end.

Recommendation

Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for accuracy, appropriateness and proper classification as an accounts payable or encumbrance. Additionally, all liabilities be recorded at year end.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Finding 2023-003

Expenditures claimed on the grant expenditure reports were not in agreement with actual district expenditures.

Information on the Federal Program

84.027 IDEA Part B Basic
84.173 IDEA Part B Preschool
84.010 Title IA

Criteria or Specific Requirement

U.S. Uniform Guidance

Condition

Expenditures claimed on the grant reports did not reflect actual District grant program expenditures.

Questioned Costs

None.

Context

Reimbursement requests during the fiscal year do not agree to program expenditures for various federal programs.

The final report for the 2020-21 IDEA Basic grant program reflected \$818,481 of grant program expenditures. Actual district expenditures for the grant program were \$696,843, resulting in an overclaim of \$121,638.

The final report for the 2020-21 IDEA Preschool grant program reflected \$27,116 of grant program expenditures. Actual district expenditures for the grant program were \$23,117, resulting in an overclaim of \$3,999.

Effect

The District was reimbursed for expenditures that were not incurred. \$125,637 is due back to the grantor agency.

Cause

Unknown.

Recommendation

Reimbursements of federal grant funds be requested subsequent to the expenditure of funds. In addition, expenditures claimed on the final grant reports agree with actual expenditures incurred by the District for the respective federal programs.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 STATE AWARDS

Finding 2023-004

Our audit of the District's contracts indicated the following:

- Contracts in excess of the bid threshold for energy saving improvements were not submitted to the Board for their approval.
- Post award notice for a contract in excess of \$2.5 million was not submitted to the New Jersey Office of the State Comptroller within twenty days of award.
- Request for proposal and public advertisement of award was not available for a professional service contract.
- Invoices for various capital construction contracts were not detailed as to hourly rates, time and material utilized in accordance with the cooperative purchasing agreement. In addition, certain contracts and change orders were not submitted to the Board for their approval.

Information on the State Program

495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid

Criteria or Specific Requirement

State Aid Public – Grant Compliance Supplement

Condition

Contracts in excess of the bid threshold were not approved by the Board for energy savings improvements. A post award notice was not submitted to the NJ Office of the State Comptroller within twenty days of award. Request of proposal and public advertisement of award was not available for audit. Vendor invoices for construction contracts were submitted for lump sums and did not include detail of hourly rates, time and material utilized.

Questioned Costs

Unknown.

**LODI BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 STATE AWARDS

Finding 2023-004 (Continued)

Context

Two (2) contracts awarded to Jersey State Controls for HVAC Controls in the amount of \$1,399,558 and Northeastern Interior Services in the amount of \$800,500, respectively, were not submitted to the Board for their approval. The contracts were part of the District's energy savings improvement program. Additionally, a change order to Northeastern Interior Services in the amount of \$74,664 was not approved in the minutes.

A post award notice was not submitted to the New Jersey Office of the State Comptroller for a contract awarded in excess of \$2.5 million within twenty days of award. The contract for \$5,133,622 was awarded to GL Group for HVAC Improvements.

A request for proposal and public advertisement of award was not available for audit for a professional service contract awarded to Delta T Group North Jersey Inc for staff placements.

Payments were made to GL Group in the amount for \$2,687,519 and to Northeastern Interior Services in the amount of \$2,183,765 for various construction projects through the use of the Hunterdon County Educational Services Commission (HCESC) cooperative purchasing agreement. Such agreement stipulates hourly rates and material cost as part of the contract. Invoices submitted by the vendors were for lump sum amount and did not include the detail of hourly rates, time and materials in accordance with cooperative agreement.

Effect

The District is not in compliance with grant requirements pertaining to State Aid – Public.

Cause

Unknown.

Recommendation

Internal controls be reviewed and enhanced to ensure compliance with the public school contracts law.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**LODI BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Finding 2022-001

Our audit of the District's contracts indicated the following:

- Contracts for energy savings improvements were approved in the minutes but did not specify amounts to be awarded.
- Payments for the high school roof replacement contract exceeded the contract amount approved in the official minutes by the Board.
- Invoices for various capital construction contracts were not detailed as to hourly rates, time and material utilized in accordance with the cooperative purchasing agreement.

Current Status

See Finding 2023-001.

Finding 2022-002

Expenditures claimed on the final grant expenditure reports were not in agreement with actual district expenditures.

Current Status

See Finding 2023-003.

Finding 2022-003

The net cash resources of the food service enterprise fund exceeded three month's average expenditures.

Current Status

See Auditor's Management Report.