

**LODI SCHOOL DISTRICT  
FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**(AUDITED)**

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

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JUNE 30, 2016**

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LODI, WISCONSIN**

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LODI, WISCONSIN**

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FINANCIAL SECTION

MILLER, BRUSSELL, EBBEN AND GLAESKE LLC

CERTIFIED PUBLIC ACCOUNTANTS

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PORTAGE, WISCONSIN

53901

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Lodi School District  
Lodi, Wisconsin

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, the schedule of funding progress for postemployment benefit plans other than pensions and the schedules for pension related items on pages 39 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, and is also not a required part of the financial statements.

This information, including the schedule of expenditures of federal and state awards 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Miller, Brussell, Ebben and Glaeske LLC***

Portage, Wisconsin  
January 19, 2017



## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**LODI SCHOOL DISTRICT**  
**LODI, WISCONSIN**

STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 2,971,626	\$ 196,093	\$ 3,167,719
Receivables			
Accounts	2,165		2,165
Taxes	3,673,882		3,673,882
Inventory		7,109	7,109
Due from other governments	792,791	4,662	797,453
Total Current Assets	<u>7,440,464</u>	<u>207,864</u>	<u>7,648,328</u>
Noncurrent Assets			
Land	214,307		214,307
Buildings and improvements	38,363,667		38,363,667
Furniture and equipment	986,049	84,858	1,070,907
Less accumulated depreciation	(22,407,677)	(21,343)	(22,429,020)
Net Noncurrent Assets	<u>17,156,346</u>	<u>63,515</u>	<u>17,219,861</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related outflows of resources	<u>5,474,515</u>	<u>101,701</u>	<u>5,576,216</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 30,071,325</u>	<u>\$ 373,080</u>	<u>\$ 30,444,405</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 0	\$ 41	\$ 41
Accrued liabilities			
Payroll, payroll taxes, insurance	841,824		841,824
Interest	10,000		10,000
Unearned revenue		18,659	18,659
Due to other governments	69,539		69,539
Current portion of long-term obligations	2,279,770		2,279,770
Total Current Liabilities	<u>3,201,133</u>	<u>18,700</u>	<u>3,219,833</u>
Noncurrent Liabilities			
Noncurrent portion of long-term obligations	2,542,665		2,542,665
Total Noncurrent Liabilities	<u>2,542,665</u>	<u>0</u>	<u>2,542,665</u>
Other Noncurrent Liabilities			
Net pension liability	<u>1,026,670</u>	<u>19,073</u>	<u>1,045,743</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related inflows of resources	<u>2,160,609</u>	<u>40,138</u>	<u>2,200,747</u>
Total Liabilities and Deferred Inflows	<u>8,931,077</u>	<u>77,911</u>	<u>9,008,988</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,156,346	63,515	15,219,861
Restricted	3,248,631	231,654	3,480,285
Unrestricted	2,735,271		2,735,271
Total Net Position	<u>21,140,248</u>	<u>295,169</u>	<u>21,435,417</u>
<b>TOTAL LIABILITIES DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 30,071,325</u>	<u>\$ 373,080</u>	<u>\$ 30,444,405</u>

**LODI SCHOOL DISTRICT  
LODI WISCONSIN**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Instruction						
Regular instruction	\$ 7,896,522	\$ 151,897	\$ 320,105	\$ (7,424,520)	\$ 0	\$ (7,424,520)
Vocational instruction	590,180	6,587	5,444	(578,149)		(578,149)
Special education instruction	2,560,382	62,524	678,241	(1,819,617)		(1,819,617)
Other instruction	1,246,589	94,786		(1,151,803)		(1,151,803)
Total Instruction	12,293,673	315,794	1,003,790	(10,974,089)	0	(10,974,089)
Support Services						
Pupil services	727,598	62,530	138,830	(526,238)		(526,238)
Instructional staff services	674,016	158	147,336	(526,522)		(526,522)
General administration services	342,977			(342,977)		(342,977)
Business administration services	1,134,335			(1,134,335)		(1,134,335)
Business services	430,810		2,038	(428,772)		(428,772)
Operations and maintenance of plant	2,179,713			(2,179,713)		(2,179,713)
Pupil transportation services	845,697	14,222	106,375	(725,100)		(725,100)
Central services	450,752		199	(450,553)		(450,553)
Interest on debt	35,467			(35,467)		(35,467)
Insurance	172,529			(172,529)		(172,529)
Other support	296,972		520	(296,452)		(296,452)
Community services	307,044	119,525		(187,519)		(187,519)
Depreciation - unallocated*	725,007			(725,007)		(725,007)
Total Support Services	8,322,917	196,435	395,298	(7,731,184)	0	(7,731,184)
Total Governmental Activities	20,616,590	512,229	1,399,088	(18,705,273)	0	(18,705,273)
<b>Business-Type Activities</b>						
School Food Service Program	676,477	477,094	202,056	0	2,673	2,673
<b>TOTAL SCHOOL DISTRICT</b>	<b>\$ 21,293,067</b>	<b>\$ 989,323</b>	<b>\$ 1,601,144</b>	<b>(18,705,273)</b>	<b>2,673</b>	<b>(18,702,600)</b>
<b>General Revenues</b>						
Property taxes						
General purposes				10,349,242		10,349,242
Debt services				1,979,438		1,979,438
Capital expansion				300,000		300,000
Community services				160,000		160,000
State and federal aids not restricted to specific functions						
General				5,902,355		5,902,355
Other				398,177		398,177
Interest and investment earnings				9,551		9,551
Miscellaneous				165,962		165,962
Transfer (to) from other funds						
Total General Revenues				19,264,725	0	19,264,725
<b>Change in Net Position</b>				559,452	2,673	562,125
<b>NET POSITION - Beginning of Year</b>				20,580,796	292,496	20,873,292
<b>NET POSITION - END OF YEAR</b>				<b>\$ 21,140,248</b>	<b>\$ 295,169</b>	<b>\$ 21,435,417</b>

\*This amount excludes the depreciation that is included in the direct expenses of the various functions. See Note 4.

FUND FINANCIAL STATEMENTS

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 2,008,441	\$ 963,185	\$ 2,971,626
Receivables			
Accounts	1,984	181	2,165
Taxes	3,673,882		3,673,882
Due from other governments	792,791		792,791
<b>TOTAL ASSETS</b>	<b>\$ 6,477,098</b>	<b>\$ 963,366</b>	<b>\$ 7,440,464</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 0	\$ 0	\$ 0
Accrued liabilities			
Payroll, payroll taxes, insurance	839,853	1,971	841,824
Due to other governments	69,539		69,539
Total Liabilities	909,392	1,971	911,363
Fund Balances			
Nonspendable			
Restricted		961,395	961,395
Unassigned	5,567,706		5,567,706
Total Fund Balances	5,567,706	961,395	6,529,101
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,477,098</b>	<b>\$ 963,366</b>	<b>\$ 7,440,464</b>
Total fund balance reported on governmental funds balance sheet			\$ 6,529,101
Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:			
Capital assets used in government activities are not financial resources and therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:			
Governmental capital asset		39,564,023	
Governmental accumulated depreciation		(22,407,677)	17,156,346
Pension related assets and liabilities are not financial resources and therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:			
Net pension liability		(1,026,670)	
Pension related deferred outflows		5,474,515	
Pension related deferred inflows		(2,160,609)	2,287,236
Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore, are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:			
General obligation debt		(2,000,000)	
Accrued interest on general obligation debt		(10,000)	
Unamortized debt premium		(19,729)	
Vested employee benefits		(2,802,706)	(4,832,435)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>			<b>\$ 21,140,248</b>

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

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

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 10,349,242	\$ 2,439,438	\$ 12,788,680
Other local sources	275,203	240,660	515,863
Interdistrict sources	406,389		406,389
Intermediate sources	37,412		37,412
State sources	6,760,172		6,760,172
Federal sources	607,390		607,390
Other sources	60,136		60,136
Total Revenues	<u>18,495,944</u>	<u>2,680,098</u>	<u>21,176,042</u>
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	7,611,164	24,575	7,635,739
Vocational instruction	569,125		569,125
Special instruction	2,536,876		2,536,876
Other instruction	1,097,850	41,512	1,139,362
Total Instruction	<u>11,815,015</u>	<u>66,087</u>	<u>11,881,102</u>
Support Services			
Pupil services	701,263		701,263
Instructional staff services	627,783	30,381	658,164
General administration services	340,412		340,412
Building administration services	1,080,072	7,758	1,087,830
Business services	413,351	2,215	415,566
Operations and maintenance	2,155,417	305,756	2,461,173
Pupil transportation	845,697		845,697
Central services	424,162		424,162
Principal and interest		1,993,875	1,993,875
Insurance	172,529		172,529
Other support	296,972		296,972
Community services		298,918	298,918
Total Support Services	<u>7,057,658</u>	<u>2,638,903</u>	<u>9,696,561</u>
Total Expenditures	<u>18,872,673</u>	<u>2,704,990</u>	<u>21,577,663</u>
Excess (Deficiency) of Revenues Over Expenditures	(376,729)	(24,892)	(401,621)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from (to) other funds	(14,329)	14,329	
Net Other Financing Sources (Uses)	<u>(14,329)</u>	<u>14,329</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(391,058)	(10,563)	(401,621)
<b>FUND BALANCES - Beginning of Year</b>	<u>5,958,764</u>	<u>971,958</u>	<u>6,930,722</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,567,706</u>	<u>\$ 961,395</u>	<u>\$ 6,529,101</u>

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (401,621)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.	
Capital outlay reported in governmental fund statements	373,405
Depreciation expense reported in the statement of activities	<u>(824,005)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.	(450,600)
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by:	
	75,794
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.	
The amount of long-term debt principal payments in the current year is:	1,925,000
Bond premium received is reported in the governmental fund as an other financing source. In the statement of activities, these costs are capitalized and amortized over the life of the bonds.	
	26,189
Employer pension contributions are reported in the governmental funds when the amounts are paid but not reported in the statement of activities since they are included in the net pension asset and deferred outflows.	
	624,607
Pension expense is included in the statement of activities but not reported in the governmental funds since it is an actuarially determined amount for the pension plan.	
	(1,247,136)
In governmental funds, interest payments on outstanding long term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.	
The amount of interest paid during the current period	68,875
The amount of interest accrued during the current period	<u>(61,656)</u>
Interest paid is greater (less) than interest accrued by	<u>7,219</u>
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 559,452</u></b>



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

STATEMENTS OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016 AND 2015

		Food Service Fund	
		2016	2015
<b>ASSETS</b>			
Current Assets			
Cash	\$	196,093	\$ 198,630
Inventory		7,109	6,728
Accounts receivable			17,857
Due from other governments		4,662	
Total Current Assets		<u>207,864</u>	<u>223,215</u>
Noncurrent Assets			
Furniture and equipment		84,858	46,994
Less accumulated depreciation		<u>(21,343)</u>	<u>(15,503)</u>
Net Noncurrent Assets		<u>63,515</u>	<u>31,491</u>
Other Noncurrent Assets			
Net pension asset		<u>0</u>	<u>30,477</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related outflows of resources		<u>101,701</u>	<u>26,080</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>		<u>\$ 373,080</u>	<u>\$ 311,263</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$	41	\$ 108
Deposits payable		<u>18,659</u>	<u>18,659</u>
Total Current Liabilities		<u>18,700</u>	<u>18,767</u>
Other Noncurrent Liabilities			
Net pension liability		<u>19,073</u>	<u>0</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related inflows of resources		<u>40,138</u>	<u>0</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt		63,515	31,491
Restricted for food service programs		189,164	204,448
Restricted for pension related items		<u>42,490</u>	<u>56,557</u>
Total Net Position		<u>295,169</u>	<u>292,496</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>		<u>\$ 373,080</u>	<u>\$ 311,263</u>

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Food Service Fund	
	2016	2015
<b>REVENUES</b>		
Food sales	\$ 450,660	\$ 479,531
Interdistrict	26,434	
State sources	8,151	7,979
Federal sources	154,498	165,912
Federal commodities	39,407	38,570
Total Revenues	<u>679,150</u>	<u>691,992</u>
<b>OPERATING EXPENSES</b>		
Salaries and wages	224,644	207,808
Employer paid benefits	122,681	109,867
Supplies, food and materials	315,946	311,848
Purchased services	6,936	1,459
Other	430	1,096
Depreciation	5,840	2,905
Total Operating Expenses	<u>676,477</u>	<u>634,983</u>
<b>Operating Income (Loss)</b>	<u>2,673</u>	<u>57,009</u>
<b>NON-OPERATING REVENUES</b>		
Loss on disposal of assets	<u>0</u>	<u>(2,554)</u>
<b>Change in Net Assets</b>	<u>2,673</u>	<u>54,455</u>
<b>NET ASSETS - Beginning of Year</b>	<u>292,496</u>	<u>238,041</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 295,169</u>	<u>\$ 292,496</u>

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Food Service Fund	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 468,517	\$ 463,159
Cash received from other government payments	184,421	180,937
Cash payments to employees for services	(333,258)	(321,966)
Cash payments to suppliers for goods and services	(276,987)	(292,190)
Cash payments for purchased services	(6,936)	(1,459)
Cash payments for other operating expenses	(430)	(1,096)
Net Cash Provided By (Used For) Operating Activities	<u>35,327</u>	<u>27,385</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash payments for acquisition of capital assets	(37,864)	(5,475)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(37,864)</u>	<u>(5,475)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(2,537)	21,910
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>198,630</u>	<u>176,720</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 196,093</u>	<u>\$ 198,630</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 2,673	\$ 57,009
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation	5,840	2,905
Net change in pension related items	14,067	(513)
Changes in operating assets and liabilities		
Inventory	(381)	(6,728)
Accounts receivable	17,857	(17,857)
Due from other governments	(4,662)	7,046
Accounts payable	(67)	(12,184)
Payroll and related liabilities		(3,778)
Deposits payable		1,485
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 35,327</u>	<u>\$ 27,385</u>
<b>NONCASH NONCAPITAL FINANCING ACTIVITIES</b>		
During the year the District received commodities from the U.S. Department of Agriculture in the amount of:	<u>\$ 39,407</u>	<u>\$ 38,570</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**STATEMENTS OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016**

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	<u>Private-Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Current Assets		
Cash and investments	\$ 178,698	\$ 37,846
<b>TOTAL ASSETS</b>	<u>\$ 178,698</u>	<u>\$ 37,846</u>
<b>LIABILITIES</b>		
Due to Student Groups	<u>\$ 0</u>	<u>\$ 37,846</u>
<b>NET ASSETS</b>		
Held in Trust for Scholarships	<u>\$ 178,698</u>	

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST  
FOR THE YEAR ENDED JUNE 30, 2016**

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<b>ADDITIONS</b>	
Interest and dividend income	\$ 40
Other revenue	<u>28,619</u>
Total Additions	<u>28,659</u>
<b>DEDUCTIONS</b>	
Scholarships awarded	23,050
Other trust fund disbursements	<u>3,101</u>
Total Deductions	<u>26,151</u>
<b>Change in Net Assets</b>	2,508
<b>NET ASSETS - Beginning of Year</b>	<u>176,190</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 178,698</u></u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Lodi School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

**A. Reporting Entity**

The Lodi School District is organized as a common school district governed by an elected seven-member board. The District is comprised of all or parts of eight taxing districts.

The accompanying financial statements present the activities of the Lodi School District. The school district is not a component unit of another reporting entity nor does it have any component units.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

**B. Basis of Presentation**

**District-Wide Statements**

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

**Fund Financial Statements**

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as other governmental funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental fund:

General Fund - This is the District's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund. This includes the General Fund (Fund 10) and the Special Education Fund (Fund 27), which accounts for the activities associated with providing educational programs for students with disabilities. Excess expenditures in Fund 27 are financed with a transfer from Fund 10.

The District operates one enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service, generally school hot lunch program.

The District accounts for assets held as an agent for various student and parent organizations in an Agency Fund.

The District accounts for assets held that were accumulated from donations that are used to pay scholarships in the Private-Purpose Trust Funds.

**C. Measurement Focus and Basis of Accounting**

The district-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Reports for the District's food service fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

**D. Assets and Liabilities**

**Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled investment fund.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statements as increases or decreases in investment income.



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets and Liabilities (Continued)**

**Property Tax Levy**

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village and school districts before retaining any for county purposes.

The District's property taxes are levied on or before October 31st on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two installments with the first installment payable the subsequent January 31st, and a final payment no later than the following July 31st. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2015 tax levy is used to finance operations of the District's fiscal year ended June 30, 2016. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

**Accounts Receivable**

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such an allowance would not be material.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures, except in cases where inventories are offset by deferred revenues if there is a balance at year end.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets and Liabilities (Continued)**

Due To/Due From Other Funds

The amounts reported on the statement of net position for due to and due from other funds represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	7-50 years
Furniture & equipment	\$5,000	Straight-line	5-20 years

Vested Employee Benefits

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation is attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The District employees are granted vacation and severance pay in varying amounts, based on length of service. Vacation leave earned in the preceding year must be used within one year of the employee's anniversary date.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets and Liabilities (Continued)**

The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested amount of 120 days. A maximum of 10 days per year can be credited to contracted employees every year. Regular (Full-time) employees can be credited up to 12 days annually. After 15 years of employment, compensation is paid at the rate of \$20 per day for retiring staff and \$10 per day for teachers leaving the district.

The entire compensated absence liability is reported on the district-wide financial statements.

For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources and, therefore, the liability is not reported.

Retirement Plans - District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenditures when paid.

Postemployment Benefits - Teachers or support staff who retired before July 1, 2012 the District will contribute towards their medical premiums for a period of 7 or 8 years until Medicare eligibility. All current teachers and support staff are eligible to remain on the group medical plan provided they self-pay the full premium required to continue such coverage until Medicare eligibility. The District will also provide to eligible retirees an annual 403(b) contribution in varying amounts based on hire date. The District will also fund during active years of service to all eligible teachers an annual contribution of \$750 into a teachers HRA account. The HRA may be used only during retirement and only for health insurance premiums. There are also similar 403(b) and HRA benefits for administrators and support staff.

Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets.

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Fund Balance Reporting**

The Lodi School District reports under provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balance classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation,
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority),
4. Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classification.

Fund balance amounts are reported in conformance with generally accepted accounting principles and shall be reclassified not less than the end of each fiscal year for general purpose financial statements. The District will report inventories, prepaid expenses, long-term receivables, and amounts legally or contractually required to be maintained intact as non-spendable. The fund balance for the spendable portion of permanent funds and balance, if any, in the special revenue trust fund, debt service funds, food service fund, postemployment employee benefit trust fund, SAGE funds, and other funds established by regulatory authority will be classified as restricted.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The School Board may authorize and direct an individual to assign fund balances for specific purposes; to the extent such assignment does not create a negative unassigned fund balance. As of June 30, 2016, the School Board has not authorized any individual with the authority to assign funds.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Deferred Outflows/Inflows of Resources**

The District reports under GASB Statement No. 65, *Items previously reported as assets and liabilities*. In addition to reporting assets and liabilities in the statement of net position and balance sheet, the following are the provisions for reporting a separate section for deferred outflows and inflows of resources:

Deferred Outflows of Resources: The District reports decreases in net position and fund balances that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statement of net position and governmental funds balance sheet. There were deferred outflows of resources reported in this year's government-wide and proprietary funds statement of net position for pension related items, which are detailed in Note 7.

Deferred Inflows of Resources: The District's government-wide and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position and fund balance that relates to a future period. There were deferred inflows of resources reported in this year's government-wide and proprietary funds statement of net position for pension related items, which are detailed in Note 7.

**NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used on the governmental fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- A) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- B) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)**

**A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (Continued)**

C) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenues and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

	Total Governmental Funds	Long-Term Revenues/ Expenses	Capital Related Items	Long-Term Debt Transactions	Statement Of Activities Total
Revenues and Other Sources					
Property taxes	\$12,788,680	\$ 0	\$ 0	\$ 0	\$12,788,680
Other local sources					
Interest and investment earnings	9,551				9,551
Miscellaneous	105,826				105,826
Charges for services	400,486				400,486
Interdistrict sources					
Other general aid	357,177				357,177
Charges for services	49,212				49,212
Intermediate sources					
Operating grants and contributions	37,412				37,412
State sources					
General aid	5,902,355				5,902,355
Operating grants and contributions	816,817				816,817
Other general aid	41,000				41,000
Federal sources					
Charges for services	62,531				62,531
Operating grants and contributions	544,859				544,859
Other revenue sources					
Miscellaneous	60,136				60,136
Total Revenues and Other Sources	\$21,176,042	\$ 0	\$ 0	\$ 0	\$21,176,042

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)**

**A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (Continued)**

	Total Governmental Funds	Long-Term Revenues/ Expenses	Pension Related Items		Capital Related Items Acquisitions	Depreciation	Long-Term Debt Transactions	Statement Of Activities Total
			Employer Contributions	Pension Expense				
Expenditures/Expenses								
Regular instruction	\$ 7,635,739	\$ (48,711)	\$ (302,754)	\$ 604,503	\$ 0	\$ 7,745	\$ 0	\$ 7,896,522
Vocational instruction	569,125	(3,631)	(24,769)	49,455				590,180
Special education								
instruction	2,536,876	(16,184)	(37,069)	74,014		2,745		2,560,382
Other instruction	1,139,362	(7,268)	(108,675)	216,988		6,182		1,246,589
Pupil services	701,263		(26,423)	52,758				727,598
Instructional staff services	658,164		(15,905)	31,757				674,016
General administration								
services	340,412		(2,573)	5,138				342,977
Building administration								
services	1,087,830		(46,660)	93,165				1,134,335
Business services	415,566		(15,295)	30,539				430,810
Operations and maintenance	2,461,173		(25,807)	51,528	(345,089)	37,908		2,179,713
Pupil transportation	845,697							845,697
Central services	424,162		(10,523)	21,011	(28,316)	44,418		450,752
Principal and interest	1,993,875						(1,958,408)	35,467
Insurance	172,529							172,529
Other support services	296,972							296,972
Community Services	298,918		(8,154)	16,280				307,044
Depreciation - unallocated						725,007		725,007
Total Expenditures/Expenses	21,577,663	(75,794)	(624,607)	1,247,136	(373,405)	824,005	(1,958,408)	20,616,590
Net Change for Year	\$ (401,621)	\$ 75,794	\$ 624,607	\$ (1,247,136)	\$ 373,405	\$ (824,005)	\$ 1,958,408	\$ 559,452

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 3 CASH AND INVESTMENTS**

The Debt Service Fund and Capital Projects Fund account for their transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, Trust and Agency funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

**Deposits:** Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian, per official depository institution for each ownership category and extends into the foreseeable future. In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per public depository above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. However, since the risk that an economic event would occur of the magnitude that would deplete the fund has been assessed as minimal, this coverage has been included in computing the amounts in Category 1 below.

**Investments:** Wisconsin Statute 66.04(2) and 67.11(2) restrict investment of temporarily idle cash. The School Board has adopted an investment policy pursuant to these statutes, which allows the District to invest in time deposits, securities guaranteed by the U.S. Government, securities of the Wisconsin Local Government Pooled Investment Fund, the Wisconsin School District Liquid Asset Fund and commercial paper, if the security has the highest or second highest rating of a nationally recognized rating agency.

**Custodial Credit Risk**

Custodial Credit Risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

The District's deposits and investments are categorized into three categories of custodial credit risk:

- Category 1 - Insured or registered which are collateralized with securities held by the District or by its agent in the District's name.
- Category 2 - Uninsured and unregistered deposits and investments, which are collateralized with securities, held by the counter party's trust department or agent in the District's name.
- Category 3 - Uncollateralized deposits and uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name.



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

The District's deposits and investment balances at June 30, 2016 were as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Associated Bank	<u>\$650,000</u>	<u>\$ 0</u>	<u>\$2,764,675</u>	<u>\$3,414,675</u>	\$3,017,869
Thompson IM Funds					91,927
Investment in local government investment pool					206,841
Wisconsin Investment Series Cooperative					<u>67,626</u>
Total Cash					3,384,263
Less cash and investments - fiduciary funds					<u>(216,544)</u>
Total					<u>\$3,167,719</u>

Investments are stated at cost which approximates fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2016, the fair value of the LGIP's assets was substantially equal to the District's share as reported above. The investment in the LGIP is insured against defaults in principal payments by Financial Security Assurance Incorporated.

The difference between carrying amounts and bank balances is due to outstanding checks and deposits in transit.

**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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District 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.

**LODI SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

The District's investments at June 30, 2016 include the following:

	<u>Credit Quality Rating</u>	<u>Credit Exposure As a Percentage of Total Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Wisconsin Local Government Investment Pool	Unrated	56%	67 days	\$206,841
Thompson IM Funds	BBB	25%	Not available	91,927
Wisconsin Investment Series Cooperative	Unrated	19%	Not available	67,626
Total		<u>100%</u>		<u>\$366,394</u>

**NOTE 4 CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Sites (land)	\$ 214,307	\$ 0	\$ 0	\$ 214,307
Capital assets being depreciated				
Buildings & Improvements	38,087,560	281,544	(5,437)	38,363,667
Furniture and equipment	910,723	91,861	(16,535)	986,049
Total Capital Assets Being Depreciated	<u>38,998,283</u>	<u>373,405</u>	<u>(21,972)</u>	<u>39,349,716</u>
Less accumulated depreciation for				
Buildings	(21,196,820)	(738,295)	5,437	(21,929,678)
Furniture and equipment	(408,824)	(85,710)	16,535	(477,999)
Total Accumulated Depreciation	<u>(21,605,644)</u>	<u>(824,005)</u>	<u>21,972</u>	<u>(22,407,677)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>17,392,639</u>	<u>(450,600)</u>	<u>0</u>	<u>16,942,039</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 17,606,946</u>	<u>\$ (450,600)</u>	<u>\$ 0</u>	<u>\$ 17,156,346</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Furniture and equipment	\$ 46,994	\$ 37,864	\$ 0	\$ 84,858
Less accumulated depreciation	<u>(15,503)</u>	<u>(5,840)</u>		<u>(21,343)</u>
<b>Business-Type Activities Capital Assets Net of Accumulated Depreciation</b>	<u>\$ 31,491</u>	<u>\$ 32,024</u>	<u>\$ 0</u>	<u>\$ 63,515</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 7,745
Special education instruction	2,745
Other instruction	6,182
Operations and maintenance of plant	37,908
Central Services	44,418
Depreciation - unallocated	<u>725,007</u>
Total Depreciation for Governmental Activities	<u>\$824,005</u>

**NOTE 5 LONG-TERM LIABILITIES**

Long-term liability balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Notes and Bonds					
Bonds payable	\$3,925,000	\$ 0	\$1,925,000	\$2,000,000	\$2,000,000
Other Liabilities					
Debt premium	45,918		26,189	19,729	19,729
Vested employee benefits					
Compensated absences	114,261	5,902		120,163	30,041
Postemployment health benefits	<u>2,764,239</u>	<u>151,575</u>	<u>233,271</u>	<u>2,682,543</u>	<u>250,000</u>
Total Other Liabilities	<u>2,924,418</u>	<u>157,477</u>	<u>259,460</u>	<u>2,822,435</u>	<u>279,770</u>
Total Governmental Activities	<u>\$6,849,418</u>	<u>\$157,477</u>	<u>\$2,184,460</u>	<u>\$4,822,435</u>	<u>\$2,279,770</u>

Payments on bonds are made by the Debt Service Fund. Vested employee benefits will be liquidated by several of the governmental funds.

The School District does not currently have any long-term liabilities for business-type activities.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

Total interest and other fiscal charges paid and accrued during the year:

	<u>Expense</u>	<u>Paid</u>
Bonds payable	\$ 61,656	\$68,875
Less bond premium amortization	<u>(26,189)</u>	<u>          </u>
Total Interest and Other Fiscal Charges Paid	<u>\$ 35,467</u>	<u>\$68,875</u>

The full faith, credit, and taxing powers of the District secure all general obligation debt, including business-type activities, if any. Bonds and notes payable are comprised of the following individual issues:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance 6/30/16</u>
2012 G.O. Refunding Bonds	02/01/12	1.5%-2.0%	04/01/2017	<u>\$2,000,000</u>
Total General Obligation Debt*				<u>\$2,000,000</u>

The legal debt limit and margin of indebtedness is set at 10% of equalized value by Section 67.03(1)(b), Wisconsin Statutes. The margin of indebtedness at June 30, 2016 is:

Equalized value certified by Wisconsin Department of Revenue for 2015	\$1,091,648,850
Margin of indebtedness at 10%	\$109,164,885
*Deduct long-term debt applicable to debt margin	<u>(2,000,000)</u>
Margin of Indebtedness	<u>\$107,164,885</u>

Aggregate cash flow requirements for retirement of long-term principal and interest on bonds as of June 30, 2016 are as follows:

<u>Governmental Activities Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$2,000,000</u>	<u>\$ 40,000</u>	<u>\$2,040,000</u>
Totals	<u>\$2,000,000</u>	<u>\$ 40,000</u>	<u>\$2,040,000</u>

**NOTE 6 INTERFUND ACTIVITY**

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Package Cooperative Fund	General Fund	<u>\$14,329</u>
Total		<u>\$14,329</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 7    EMPLOYEE RETIREMENT PLANS**

**Summary of Significant Accounting Policies**

**Pensions.** For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

**Accounting Changes.** The WRS adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

**General Information about the Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

# LODI SCHOOL DISTRICT LODI, WISCONSIN

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### NOTE 7    EMPLOYEE RETIREMENT PLANS (CONTINUED)

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$636,210 in contributions from the employer.

Contribution rates as of June 30, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 7    EMPLOYEE RETIREMENT PLANS (CONTINUED)**

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

At June 30, 2016, the Lodi School District reported a liability (asset) of \$1,045,743 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Lodi School District's proportion of the net pension liability (asset) was based on the Lodi School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Lodi School District's proportion was .06435416%, which was a decrease of .00072242% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Lodi School District recognized pension expense of \$1,272,807.

At June 30, 2016, the Lodi School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$(2,200,747)
Changes in assumptions	731,647	0
Net differences between projected and actual earnings on pension plan investments	3,707,215	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,300	0
Employer contributions subsequent to the measurement date	360,601	0
Total	<u>\$4,810,763</u>	<u>\$(2,200,747)</u>

\$360,601 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	Deferred Outflow of Resources	Deferred Inflows of Resources
2016	\$1,354,729	\$(532,585)
2017	\$1,354,729	\$(532,585)
2018	\$1,354,729	\$(532,585)
2019	\$1,127,658	\$(532,585)
Thereafter	\$ 23,769	\$ (70,408)

# LODI SCHOOL DISTRICT LODI, WISCONSIN

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)

**Actuarial assumptions.** The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

**Long-term expected Return on Plan Assets.** 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 plan 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

#### Retirement Funds

#### Asset Allocation Targets and Expected Returns

As of December 31, 2015

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	<u>107%</u>	<u>120%</u>	<u>7.4%</u>	<u>4.5%</u>



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

<u>Variable Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
US Equities	70%	70%	7.6%	4.7%
International Equities	30	30	8.5	5.6
Total Variable Fund	<u>100%</u>	<u>100%</u>	<u>7.9%</u>	<u>5.0%</u>

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%.  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Lodi School District's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the Lodi School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Lodi School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase To Discount Rate (8.20%)</u>
Lodi School District's proportionate share of the net pension liability (asset)	\$7,334,859	\$1,045,743	\$(3,866,169)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 8    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The Lodi School District reports under provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* for its other postemployment benefit plan (OPEB).

This allows the District to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

*Plan Description.* The Lodi School District operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. The Plan is administered by Key Benefit Concepts, LLC. There are 117 active and 20 retired members in the OPEB plan. There are 162 active and 22 retired members in the stipend plan. Benefits and eligibility for teachers, administrators, supervisors and support staff are established and amended by the governing body.

*Funding Policy.* The District has elected to make payments on a pay as you go basis. The District had expenditures for the year ended June 30, 2016 of \$233,271.

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

	<u>OPEB</u>	<u>Stipend</u>	<u>Total</u>
Annual required contribution	\$ 81,786	\$129,116	\$ 210,902
Interest on net OPEB	84,548	26,022	110,570
Adjustments to annual required contributions	<u>(132,271)</u>	<u>(37,626)</u>	<u>(169,897)</u>
Annual OPEB cost (expense)	34,063	117,512	151,575
Contributions made on behalf of retirees	<u>(233,271)</u>	<u>0</u>	<u>(233,271)</u>
Change in net OPEB obligation	(199,208)	117,512	(81,696)
OPEB obligation at beginning of year	<u>2,113,692</u>	<u>650,547</u>	<u>2,764,239</u>
OPEB Obligation at End of Year	<u>\$1,914,484</u>	<u>\$768,059</u>	<u>\$2,682,543</u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 and two prior years were as follows:

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 8    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 34,063	684.8%	\$1,914,484
6/30/2015	\$ 28,142	1035.8%	\$2,113,692
6/30/2014	\$164,022	287.0%	\$2,377,049

\* The District redefined its retiree benefit package for current and future retirees in all labor groups during the year ended June 30, 2013. The new retiree benefits package reduced the district's annual OPEB obligation causing a negative annual OPEB cost in the year of change.

The District's annual stipend (supplement pension costs), the percentage of annual supplemental pension costs contributed to the plan, and the net supplemental pension benefits obligation for the year ended June 30, 2016 and two prior years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual Supplemental Pension Cost</u>	<u>Percentage of Annual Supplemental Pension Costs Contributed</u>	<u>Net Supplemental Pension Obligation</u>
6/30/2016	\$117,512	0%	\$768,059
6/30/2015	\$119,650	0%	\$650,547
6/30/2014	\$ 89,607	0%	\$530,897

*Funded Status and Funding Progress.* As of July 1, 2014, the most recent actuarial valuation date, for the period July 1, 2015 through June 30, 2016, the District's unfunded actuarial accrued liability (UAAL) was \$1,052,458 for the OPEB and \$1,049,490 for the Stipend. The annual payroll for active employees covered by the plan for the June 30, 2016 fiscal year was \$7,065,297 for a ratio of the UAAL to covered payroll of 14.9% and 14.9%, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 8    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

In the July 1, 2014 actuarial valuation, the entry age normal-level % of salary actuarial cost method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 7.5% for medical reduced by decrements to an ultimate rate of 5% for medical after 18 years. Mortality, disability and retirement rates are based on the Wisconsin Retirement System experience to value pensions for public school employees. Salary increases are assumed to be 3.0%. The UAAL is being amortized over 26 years using the open level dollar of payroll method. The remaining amortization period at June 30, 2016 was 24 years.

**NOTE 9    RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages these risks through the purchase of various forms of commercial insurance. Certain commercial insurance policies have established deductible amounts whereby the district would be responsible for the portion of claims, losses and damages under the deductible limits. All funds participate in the coverages provided by the commercial insurance carriers. Each fund would be responsible for its share of losses either below the deductible amounts or for losses exceeding the coverage limits of the commercial policies. There was no significant reduction in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for the past three years.

**NOTE 10    CONTINGENCIES AND COMMITMENTS**

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

**NOTE 11    FUND BALANCES**

Portions of fund balances are nonspendable, restricted, committed, assigned or unassigned and not available for current expenses or expenditures. Details of these fund classifications are as follows:

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 11 FUND BALANCES (CONTINUED)**

	Governmental Funds		Proprietary Funds
	General Fund	Other Governmental Funds	Food Service Fund
Restricted for:			
Special revenue trust	\$ 0	\$ 246,149	\$ 0
Debt service		127,150	
Capital expansion		532,054	
Long-term capital improvement		1,002	
Community service		55,040	
Food service			189,164
Pension related items			42,490
Total Restricted	<u>0</u>	<u>961,395</u>	<u>231,654</u>
Unassigned	<u>5,567,706</u>	<u>0</u>	<u>0</u>
Total fund balances	<u>\$5,567,706</u>	<u>\$961,395</u>	<u>\$231,654</u>

Restricted net position balances in the district-wide statement of net position consist of the following:

Governmental activities:	
Special revenue trust	\$ 246,149
Debt service	127,150
Capital expansion	532,054
Long-term capital improvement	1,002
Community service	55,040
Pension related items	<u>2,287,236</u>
Total	<u>\$3,248,631</u>
Business-type activities:	
Food service operations	\$ 189,164
Pension related items	<u>42,490</u>
Total	<u>\$ 231,654</u>

**NOTE 12 EXCESS OF ACTUAL EXPENDITURE OVER BUDGET**

The following individual funds had an excess of actual expenditures over budget for the year ended June 30, 2016:

	Governmental Activities (Expenditures)
General Fund	\$322,403
Capital Expansion Fund	\$ 37,738
Package-Cooperative Fund	\$ 2,379
Community Service Fund	\$ 8,685

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 13    LIMITATION OF SCHOOL DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the School Board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

**NOTE 14    SUBSEQUENT EVENTS**

Subsequent events are evaluated through January 19, 2017, which is the date the financial statements were available to be issued. As of that date no material subsequent events were noted.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budgeted Amounts			Final Budgeted Amounts			Actual Amounts			Variance With Final Budget Favorable/ (Unfavorable)
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	
<b>REVENUES</b>										
Property taxes	\$ 0	\$ 10,349,396	\$ 10,349,396	\$ 0	\$ 10,349,396	\$ 10,349,396	\$ 0	\$ 10,349,242	\$ 10,349,242	\$ (154)
Other local sources		205,818	205,818		205,818	205,818		275,203	275,203	69,385
Interdistrict sources	52,827	351,867	404,694	52,827	351,867	404,694	33,164	373,225	406,389	1,695
Intermediate sources	65,200	7,200	72,400	65,200	7,200	72,400	22,414	14,988	37,412	(34,988)
State sources	647,561	6,057,532	6,705,093	647,561	6,057,532	6,705,093	685,682	6,074,490	6,760,172	55,079
Federal sources	330,322	363,428	693,750	330,322	364,428	694,750	313,112	294,278	607,390	(87,360)
Other sources	(3,099)	51,142	48,043	(3,099)	51,142	48,043	790	59,346	60,136	12,093
Total Revenues	1,092,811	17,386,383	18,479,194	1,092,811	17,387,383	18,480,194	1,055,162	17,440,782	18,495,944	15,750
<b>EXPENDITURES</b>										
Instruction										
Regular instruction		7,549,423	7,549,423		7,554,755	7,554,755		7,611,164	7,611,164	(56,409)
Vocational instruction		602,128	602,128		602,128	602,128		569,125	569,125	33,003
Special instruction	2,240,849	150	2,240,999	2,240,849	150	2,240,999	2,535,713	1,163	2,536,876	(295,877)
Other instruction		1,033,856	1,033,856		1,033,856	1,033,856		1,097,850	1,097,850	(63,994)
Total Instruction	2,240,849	9,185,557	11,426,406	2,240,849	9,190,889	11,431,738	2,535,713	9,279,302	11,815,015	(383,277)
Support Services										
Pupil services		331,460	678,209		331,460	678,209		351,221	701,263	(23,054)
Instructional staff services	346,749	446,537	648,497	346,749	471,137	673,097	350,042	482,484	627,783	45,314
General administration services	201,960	300,088	300,088	201,960	300,088	300,088	145,299	340,412	340,412	(40,324)
Building administration services		1,105,003	1,105,003		1,105,003	1,105,003		1,080,072	1,080,072	24,931
Business services		438,274	438,274		414,674	414,674		413,351	413,351	1,323
Operations and maintenance		2,109,264	2,109,264		2,114,264	2,114,264		2,155,417	2,155,417	(41,153)
Pupil transportation	245,621	554,206	799,827	245,621	554,206	799,827	298,208	547,489	845,697	(45,870)
Central services		481,781	481,781		481,781	481,781		423,962	424,162	57,619
Insurance		175,611	175,611		175,611	175,611		172,529	172,529	3,082
Other support services	10,780	365,198	375,978	10,780	365,198	375,978		287,826	296,972	79,006
Total Support Services	805,110	6,307,422	7,112,532	805,110	6,313,422	7,118,532	9,146	6,254,763	7,057,656	60,874
Total Expenditures	3,045,959	15,492,979	18,538,938	3,045,959	15,504,311	18,550,270	3,338,608	15,534,065	18,872,673	(322,403)
Excess of Revenues Over Expenditures	(1,953,148)	1,893,404	(59,744)	(1,953,148)	1,883,072	(70,076)	(2,283,446)	1,906,717	(376,729)	(306,653)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfer from (to) other funds	1,953,148	(1,973,148)	(20,000)	1,953,148	(1,973,148)	(20,000)	2,283,446	(2,297,775)	(14,329)	5,671
Net Other Financing Sources (Uses)	1,953,148	(1,973,148)	(20,000)	1,953,148	(1,973,148)	(20,000)	2,283,446	(2,297,775)	(14,329)	5,671
<b>Net Change in Fund Balances</b>	0	(79,744)	(79,744)	0	(90,076)	(90,076)	0	(391,058)	(391,058)	(300,982)
<b>FUND BALANCES - Beginning of Year</b>	0	5,958,764	5,958,764	0	5,958,764	5,958,764	0	5,958,764	5,958,764	0
<b>FUND BALANCES - END OF YEAR</b>	\$ 0	\$ 5,879,020	\$ 5,879,020	\$ 0	\$ 5,868,688	\$ 5,868,688	\$ 0	\$ 5,567,706	\$ 5,567,706	\$ (300,982)



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL  
FOR THE YEAR ENDED JUNE 30, 2016**

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Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- Based upon requests from district staff, district administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may alter the proposed budget.
- After the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- Appropriations lapse at year end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserve of fund balance.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
FOR PENSION RELATED ITEMS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**SCHEDULE OF LODI SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PENSION LIABILITY  
(ASSET)**

Wisconsin Retirement System  
Last 10 Fiscal Years\*

	<u>2016</u>
Lodi School District's proportion of the net pension liability (asset)	.06435416%
Lodi School District's proportionate share of the net pension liability (asset)	\$ 1,045,743
Lodi School District's covered-employee payroll	\$ 9,268,257
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.2%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**SCHEDULE OF LODI SCHOOL DISTRICT'S CONTRIBUTIONS**

Wisconsin Retirement System  
Last 10 Fiscal Years\*

Contractually required contributions	\$ 630,241
Contributions in relation to contractually required contributions	\$ (630,241)
Contribution deficiency (excess)	\$ 0
Lodi School District's covered-employee payroll	\$ 9,268,257
Contributions as a percentage of covered-employee payroll	6.8%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2016**

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* There were no changes in the assumptions.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT  
BENEFIT PLANS OTHER THAN PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>OPEB</b>						
6/30/2016	\$ 0	\$ 1,052,485	\$ 1,052,485	0.0%	\$ 7,065,297	14.9%
6/30/2015	\$ 0	\$ 1,122,731	\$ 1,122,731	0.0%	\$ 8,467,890	13.3%
6/30/2014	\$ 0	\$ 2,685,054	\$ 2,685,054	0.0%	\$ 7,841,596	34.2%
6/30/2013	\$ 0	\$ 13,167,492	\$ 13,167,492	0.0%	\$ 7,882,710	167.0%
<b>STIPEND</b>						
6/30/2016	\$ 0	\$ 1,049,490	\$ 1,049,490	0.0%	\$ 7,065,297	14.9%
6/30/2015	\$ 0	\$ 1,113,907	\$ 1,113,907	0.0%	\$ 8,467,890	13.2%
6/30/2014	\$ 0	\$ 850,323	\$ 850,323	0.0%	\$ 7,841,596	10.8%
6/30/2013	\$ 0	\$ 887,020	\$ 887,020	0.0%	\$ 7,882,710	11.3%

## OTHER SUPPLEMENTARY INFORMATION

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
GENERAL FUND  
JUNE 30, 2016 AND 2015

	2016			2015		
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund
<b>ASSETS</b>						
Cash and investments	\$ 0	\$ 2,008,441	\$ 2,008,441	\$ 0	\$ 2,769,819	\$ 2,769,819
Receivables						
Accounts		1,984	1,984		44,456	44,456
Taxes		3,673,882	3,673,882		3,603,001	3,603,001
Due (to) from other funds	(97,739)	97,739		(46,860)	46,860	
Due from other governments	188,787	604,004	792,791	69,640	140,245	209,885
Prepaid expense					42,001	42,001
<b>TOTAL ASSETS</b>	<b>\$ 91,048</b>	<b>\$ 6,386,050</b>	<b>\$ 6,477,098</b>	<b>\$ 22,780</b>	<b>\$ 6,646,382</b>	<b>\$ 6,669,162</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 889	\$ 21,025	\$ 21,914
Accrued payroll and related items	28,148	811,705	839,853	21,891	666,593	688,484
Due to other governments	62,900	6,639	69,539			
Total Liabilities	<u>91,048</u>	<u>818,344</u>	<u>909,392</u>	<u>22,780</u>	<u>687,618</u>	<u>710,398</u>
<b>Fund Balances</b>						
Nonspendable		5,567,706	5,567,706		42,001	42,001
Unassigned		5,567,706	5,567,706		5,916,763	5,916,763
Total Fund Balances	<u>0</u>	<u>5,567,706</u>	<u>5,567,706</u>	<u>0</u>	<u>5,958,764</u>	<u>5,958,764</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 91,048</b>	<b>\$ 6,386,050</b>	<b>\$ 6,477,098</b>	<b>\$ 22,780</b>	<b>\$ 6,646,382</b>	<b>\$ 6,669,162</b>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - GENERAL FUND  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016				2015				Variance Favorable (Unfavorable)
	Special Education	General Fund	Total General Fund	Variance Favorable (Unfavorable)	Special Education	General Fund	Total General Fund	Variance Favorable (Unfavorable)	
<b>REVENUES</b>									
Property taxes	\$ 0	\$ 10,349,396	\$ 10,349,396	\$ (154)	\$ 0	\$ 9,902,471	\$ 9,902,471	\$ (4,500)	
Other local sources		205,818	205,818	66,385		221,728	221,728	215,634	
Interdistrict sources	52,827	351,867	404,694	1,695	68,748	318,000	386,748	346,285	
Intermediate sources	65,200	7,200	72,400	(34,988)	52,500	5,339	57,839	40,463	
State sources	647,561	6,057,532	6,705,093	55,079	572,282	6,091,097	6,663,379	70,500	
Federal sources	330,322	364,428	694,750	(87,360)	372,033	436,000	808,033	6,930,680	
Other sources	(3,099)	51,142	48,043	12,093	372,033	30,000	402,033	625,988	
Total Revenues	1,082,811	17,387,383	18,480,194	15,750	1,065,563	17,004,635	18,070,198	180,414	
								18,267,472	
<b>EXPENDITURES</b>									
Instruction									
Regular instruction		7,554,755	7,554,755	(56,409)		7,344,197	7,344,197	7,375,310	
Vocational instruction		602,128	602,128	33,003		534,119	534,119	597,667	
Special instruction	2,240,849	150	2,240,999	(296,877)	2,227,431	2,731	2,230,162	2,155,848	
Other instruction		1,033,856	1,033,856	(63,994)		1,060,817	1,060,817	74,314	
Total Instruction	2,240,849	9,190,889	11,431,738	(383,277)	2,227,431	8,941,864	11,169,295	1,010,367	
								1,139,192	
Support Services									
Pupil services	346,749	331,460	678,209	(23,054)	183,940	328,031	511,971	744,002	
Instructional staff services	201,960	471,137	673,097	45,314	209,342	391,705	601,047	610,414	
General administration services		300,088	300,088	(40,324)		276,763	276,763	445,557	
Building administration services		1,105,003	1,105,003	24,931		1,075,385	1,075,385	305,778	
Business services		414,674	414,674	1,323	4,193	348,498	352,691	1,077,107	
Operations and maintenance		2,114,264	2,114,264	(41,153)		2,180,236	2,180,236	385,604	
Pupil transportation	245,621	554,206	799,827	(45,870)	226,000	600,097	826,097	1,143,184	
Central services		481,781	481,781	57,619	7,026	362,354	369,380	252,640	
Insurance		175,611	175,611	3,082		151,366	151,366	80,611	
Principal and interest	10,780	365,198	375,978	79,006		324,541	324,541	360,779	
Other support services	805,110	6,313,422	7,118,532	60,874	630,501	6,038,976	6,669,477	146,114	
Total Support Services	3,045,959	15,504,311	18,550,270	(322,403)	2,857,932	14,980,840	17,838,772	374,059	
								6,932,727	
Total Expenditures	(1,953,148)	1,883,072	(70,076)	(306,653)	(1,792,369)	2,023,795	231,426	(233,147)	
Excess (Deficiency) of Revenues Over Expenditures									
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfer from (to) other funds	1,953,148	(1,973,148)	(20,000)	5,671	1,792,369	(1,813,177)	(20,808)	195,972	
Net Other Financing Sources (Uses)	1,953,148	(1,973,148)	(20,000)	5,671	1,792,369	(1,813,177)	(20,808)	419	
Net Change in Fund Balance	0	(90,076)	(90,076)	(300,982)	0	210,618	210,618	195,972	
FUND BALANCE - Beginning of Year	0	5,958,764	5,958,764	0	0	5,762,792	5,762,792	5,762,792	
FUND BALANCE - END OF YEAR	\$ 0	\$ 5,868,688	\$ 5,868,688	\$ (300,982)	\$ 0	\$ 5,973,410	\$ 5,973,410	\$ (14,646)	

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Capital Expansion Fund	Long-Term Capital Improvement Trust Fund	Debt Service Fund	Package- Cooperative Fund	Spec. Rev. Trust Fund	Community Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 532,054	\$ 1,002	\$ 127,150	\$ 101	\$ 246,149	\$ 56,729	\$ 963,185
Accounts receivable						181	181
<b>TOTAL ASSETS</b>	<b>\$ 532,054</b>	<b>\$ 1,002</b>	<b>\$ 127,150</b>	<b>\$ 101</b>	<b>\$ 246,149</b>	<b>\$ 56,910</b>	<b>\$ 963,366</b>
<b>Liabilities</b>							
Liabilities							
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Payroll and related liabilities				101		1,870	1,971
Total liabilities	0	0	0	101	0	1,870	1,971
<b>FUND BALANCES</b>							
Fund Balances							
Restricted	532,054	1,002	127,150	0	246,149	55,040	961,395
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 532,054</b>	<b>\$ 1,002</b>	<b>\$ 127,150</b>	<b>\$ 101</b>	<b>\$ 246,149</b>	<b>\$ 56,910</b>	<b>\$ 963,366</b>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Capital Expansion Fund	Long-Term Capital Improvement Trust Fund	Debt Service Fund	Package- Cooperative Fund	Special Rev. Trust Fund	Community Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>							
Property taxes	\$ 300,000	\$ 0	\$ 1,979,438	\$ 0	\$ 0	\$ 160,000	\$ 2,439,438
Other local sources	439	2	163	17,050	103,480	119,526	240,660
Total Revenues	<u>300,439</u>	<u>2</u>	<u>1,979,601</u>	<u>17,050</u>	<u>103,480</u>	<u>279,526</u>	<u>2,680,098</u>
<b>Expenditures</b>							
Instruction							
Regular instruction					24,575		24,575
Other instruction				31,379	10,133		41,512
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,379</u>	<u>34,708</u>	<u>0</u>	<u>66,087</u>
Support Services							
Instructional staff services					30,381		30,381
Building administration services					7,758		7,758
Business services					2,215		2,215
Operations and maintenance	287,738				18,018		305,756
Principal and interest			1,993,875				1,993,875
Community services						298,918	298,918
Total Support Services	<u>287,738</u>	<u>0</u>	<u>1,993,875</u>	<u>0</u>	<u>58,372</u>	<u>298,918</u>	<u>2,638,903</u>
Total Expenditures	<u>287,738</u>	<u>0</u>	<u>1,993,875</u>	<u>31,379</u>	<u>93,080</u>	<u>298,918</u>	<u>2,704,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,701</u>	<u>2</u>	<u>(14,274)</u>	<u>(14,329)</u>	<u>10,400</u>	<u>(19,392)</u>	<u>(24,892)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer from (to) other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,329</u>	<u>0</u>	<u>0</u>	<u>14,329</u>
<b>Net Change in Fund Balances</b>	<u>12,701</u>	<u>2</u>	<u>(14,274)</u>	<u>0</u>	<u>10,400</u>	<u>(19,392)</u>	<u>(10,563)</u>
<b>FUND BALANCES - Beginning of Year</b>	<u>519,353</u>	<u>1,000</u>	<u>141,424</u>	<u>0</u>	<u>235,749</u>	<u>74,432</u>	<u>971,958</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 532,054</u>	<u>\$ 1,002</u>	<u>\$ 127,150</u>	<u>\$ 0</u>	<u>\$ 246,149</u>	<u>\$ 55,040</u>	<u>\$ 961,395</u>



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
CAPITAL EXPANSION FUND  
JUNE 30, 2016 AND 2015

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 532,054	\$ 519,353
<b>TOTAL ASSETS</b>	<u>\$ 532,054</u>	<u>\$ 519,353</u>
 <b>FUND BALANCES</b>		
Fund Balances		
Restricted	\$ 532,054	\$ 519,353
<b>TOTAL FUND BALANCES</b>	<u>\$ 532,054</u>	<u>\$ 519,353</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - CAPITAL EXPANSION FUND  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>REVENUES</b>						
Property taxes	\$ 300,000	\$ 300,000	\$ 0	\$ 600,000	\$ 600,000	\$ 0
Other local sources	11	439	428	135	163	28
Other sources					21,607	21,607
Total Revenues	<u>300,011</u>	<u>300,439</u>	<u>428</u>	<u>600,135</u>	<u>621,770</u>	<u>21,635</u>
<b>EXPENDITURES</b>						
Support Services						
Operations and maintenance	250,000	287,738	(37,738)	515,000	276,728	238,272
Central services				175,000	318,886	(143,886)
Total Support Services	<u>250,000</u>	<u>287,738</u>	<u>(37,738)</u>	<u>690,000</u>	<u>595,614</u>	<u>94,386</u>
<b>Net Change in Fund Balance</b>	50,011	12,701	(37,310)	(89,865)	26,156	116,021
<b>FUND BALANCE - Beginning of Year</b>	<u>519,353</u>	<u>519,353</u>	<u>0</u>	<u>493,197</u>	<u>493,197</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 569,364</u>	<u>\$ 532,054</u>	<u>\$ (37,310)</u>	<u>\$ 403,332</u>	<u>\$ 519,353</u>	<u>\$ 116,021</u>

COMPARATIVE BALANCE SHEETS  
LONG-TERM CAPITAL IMPROVEMENT TRUST FUND  
JUNE 30, 2016 AND 2015

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**LODI SCHOOL DISTRICT**  
**LODI, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - LONG-TERM CAPITAL IMPROVEMENT TRUST FUND  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Other local sources	\$ 0	\$ 2	\$ 2	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>						
Other instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer from (to) other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
<b>Net Change in Fund Balance</b>	0	2	2	0	1,000	1,000
<b>FUND BALANCE - Beginning of Year</b>	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,000</u>	<u>\$ 1,002</u>	<u>\$ 2</u>	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**COMPARATIVE BALANCE SHEETS  
DEBT SERVICE FUND  
JUNE 30, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 127,150	\$ 141,424
<b>TOTAL ASSETS</b>	<u>\$ 127,150</u>	<u>\$ 141,424</u>
<b>FUND BALANCES</b>		
Fund Balances		
Restricted for debt service	\$ 127,150	\$ 141,424
<b>TOTAL FUND BALANCES</b>	<u>\$ 127,150</u>	<u>\$ 141,424</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - DEBT SERVICE FUND  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes	\$ 1,979,438	\$ 1,979,438	\$ 0	\$ 1,952,890	\$ 1,952,890	\$ 0
Other local sources	3	163	160		53	53
Total Revenues	<u>1,979,441</u>	<u>1,979,601</u>	<u>160</u>	<u>1,952,890</u>	<u>1,952,943</u>	<u>53</u>
<b>EXPENDITURES</b>						
Support Services						
Debt service						
Principal	1,925,000	1,925,000		1,870,000	1,870,000	
Interest	68,875	68,875		96,925	96,925	
Total Expenditures	<u>1,993,875</u>	<u>1,993,875</u>	<u>0</u>	<u>1,966,925</u>	<u>1,966,925</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	(14,434)	(14,274)	160	(14,035)	(13,982)	53
<b>FUND BALANCE - Beginning of Year</b>	<u>141,424</u>	<u>141,424</u>	<u>0</u>	<u>155,406</u>	<u>155,406</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 126,990</u>	<u>\$ 127,150</u>	<u>\$ 160</u>	<u>\$ 141,371</u>	<u>\$ 141,424</u>	<u>\$ 53</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
PACKAGE-COOPERATIVE FUND  
JUNE 30, 2016 AND 2015

---

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 101	\$ 165
<b>TOTAL ASSETS</b>	<u>\$ 101</u>	<u>\$ 165</u>
<b>Liabilities</b>		
Payroll and Related Liabilities	\$ 101	\$ 165
<b>FUND BALANCES</b>		
Fund Balances		
Restricted	<u>0</u>	<u>0</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 101</u>	<u>\$ 165</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - PACKAGE-COOPERATIVE FUND  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Other local sources	\$ 29,000	\$ 17,050	\$ (11,950)	\$ 19,066	\$ 29,715	\$ 10,649
Total Revenues	<u>29,000</u>	<u>17,050</u>	<u>(11,950)</u>	<u>19,066</u>	<u>29,715</u>	<u>10,649</u>
<b>EXPENDITURES</b>						
Other instruction	<u>29,000</u>	<u>31,379</u>	<u>(2,379)</u>	<u>19,066</u>	<u>28,296</u>	<u>(9,230)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(14,329)</u>	<u>(14,329)</u>	<u>0</u>	<u>1,419</u>	<u>1,419</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer from (to) other funds	<u>0</u>	<u>14,329</u>	<u>14,329</u>	<u>0</u>	<u>(1,419)</u>	<u>(1,419)</u>
<b>Net Change in Fund Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE - Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



COMPARATIVE BALANCE SHEETS  
SPECIAL REVENUE TRUST FUND  
JUNE 30, 2016 AND 2015

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**LODI SCHOOL DISTRICT**  
**LODI, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - SPECIAL REVENUE TRUST FUND  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Other local sources	\$ 0	\$ 103,480	\$ 103,480	\$ 0	\$ 144,133	\$ 144,133
Other sources					150,000	150,000
Total Revenues	<u>0</u>	<u>103,480</u>	<u>103,480</u>	<u>0</u>	<u>294,133</u>	<u>294,133</u>
<b>Expenditures</b>						
Instruction						
Regular instruction	8,725	24,575	(15,850)		38,205	(38,205)
Other instruction		10,133	(10,133)	3,710	2,410	1,300
Total Instruction	<u>8,725</u>	<u>34,708</u>	<u>(25,983)</u>	<u>3,710</u>	<u>40,615</u>	<u>(36,905)</u>
Support Services						
Pupil services				4,800		4,800
Instructional staff services		30,381	(30,381)		100	(100)
General administration services				408		408
Building administration services	38,023	7,758	30,265	21,361	283	21,078
Business services		2,215	(2,215)		50,280	(50,280)
Operations and maintenance	100,000	18,018	81,982		9,102	(9,102)
Total Support Services	<u>138,023</u>	<u>58,372</u>	<u>79,651</u>	<u>26,569</u>	<u>59,765</u>	<u>(33,196)</u>
Total Expenditures	<u>146,748</u>	<u>93,080</u>	<u>53,668</u>	<u>30,279</u>	<u>100,380</u>	<u>(70,101)</u>
<b>Net Change in Fund Balance</b>	(146,748)	10,400	157,148	(30,279)	193,753	224,032
<b>FUND BALANCE - Beginning of Year</b>	<u>235,749</u>	<u>235,749</u>	<u>0</u>	<u>41,996</u>	<u>41,996</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 89,001</u>	<u>\$ 246,149</u>	<u>\$ 157,148</u>	<u>\$ 11,717</u>	<u>\$ 235,749</u>	<u>\$ 224,032</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**COMPARATIVE BALANCE SHEET  
COMMUNITY SERVICE FUND  
JUNE 30, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 56,729	\$ 75,422
Accounts receivable	<u>181</u>	<u></u>
<b>TOTAL ASSETS</b>	<u>\$ 56,910</u>	<u>\$ 75,422</u>
<b>LIABILITIES</b>		
Liabilities		
Accounts payable	\$ 0	\$ 493
Payroll and related liabilities	<u>1,870</u>	<u>497</u>
Total liabilities	<u>1,870</u>	<u>990</u>
<b>FUND BALANCES</b>		
Fund Balances		
Restricted	<u>55,040</u>	<u>74,432</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ 56,910</u>	<u>\$ 75,422</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - COMMUNITY SERVICE FUND  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes	\$ 160,000	\$ 160,000	\$ 0	\$ 163,395	\$ 163,395	\$ 0
Other local sources	124,859	119,526	(5,333)	106,800	126,576	19,776
Total Revenues	<u>284,859</u>	<u>279,526</u>	<u>(5,333)</u>	<u>270,195</u>	<u>289,971</u>	<u>19,776</u>
<b>EXPENDITURES</b>						
Support Services						
Community services	290,233	298,918	(8,685)	275,848	387,308	(111,460)
Total Expenditures	<u>290,233</u>	<u>298,918</u>	<u>(8,685)</u>	<u>275,848</u>	<u>387,308</u>	<u>(111,460)</u>
<b>Net Change in Fund Balance</b>	(5,374)	(19,392)	(14,018)	(5,653)	(97,337)	(91,684)
<b>FUND BALANCE - Beginning of Year</b>	<u>74,432</u>	<u>74,432</u>	<u>0</u>	<u>171,769</u>	<u>171,769</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 69,058</u>	<u>\$ 55,040</u>	<u>\$ (14,018)</u>	<u>\$ 166,116</u>	<u>\$ 74,432</u>	<u>\$ (91,684)</u>

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -  
PUPIL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
<b>ASSETS</b>				
Cash and investments	\$ 28,685	\$ 90,998	\$ 81,837	\$ 37,846
<b>TOTAL ASSETS</b>	<u>\$ 28,685</u>	<u>\$ 90,998</u>	<u>\$ 81,837</u>	<u>\$ 37,846</u>
<b>LIABILITIES</b>				
Due to student organizations				
Elementary School	\$ 0	\$ 0	\$ 0	\$ 0
Middle School	1,713	7,410	6,361	2,762
High School	29,083	83,588	75,476	37,195
Primary School	<u>(2,111)</u>	<u></u>	<u></u>	<u>(2,111)</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 28,685</u>	<u>\$ 90,998</u>	<u>\$ 81,837</u>	<u>\$ 37,846</u>

FEDERAL AND STATE SINGLE AUDIT AND  
GOVERNMENT AUDITING STANDARDS REPORTS AND SCHEDULES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Federal Pass-through ID Number	Program or Award Amount	Accrued Receivable July 1, 2015	Revenues		Accrued Receivable June 30, 2016
					Grantor Reimbursements	Local Share	
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction:							
Pass-through CESA 5							
Carl Perkins	84.048	A400-00000-113150	7,898	\$ 0	\$ 7,898	\$ 0	\$ 7,898
July 1, 2015 - June 30, 2016							
Total U. S. Department of Education				92,612	172,916	0	434,604
							354,300
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Direct Award:							
Drug Free Communities	93.276	N/A					
July 1, 2014 - June 30, 2015			118,000	44,456	44,456		
July 1, 2015 - June 30, 2016			118,000	60,000	60,000		118,153
							58,153
Wisconsin Department of Health Services							
Medical Assistance Program	93.778	44229500	N/A		62,531		62,531
July 1, 2015 - June 30, 2016							
Total U.S. Department of Health and Human Services				44,456	166,987		180,684
							58,153
TOTAL FEDERAL ASSISTANCE							
				\$ 137,068	\$ 529,147	\$ 0	\$ 809,194
							\$ 417,115

\* Major Program



**LODI SCHOOL DISTRICT**  
**LODI, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Administering Agency Pass-Through Agency Award Description	State I.D. Number	State Pass-through ID Number	Accrued Receivable July 1, 2015	Revenues Grantor	Reimbursements	Expenditures	Accrued Receivable June 30, 2016
<b>WISCONSIN DEPT. OF PUBLIC INSTRUCTION</b>							
<b>Entitlement Programs</b>							
<b>Major State Programs</b>							
Special Education and School Age Parents	255.101	113150-100	\$ 0	\$ 673,724	\$ 673,724	\$ 0	0
Internal District Programs				29,514	29,514		
CESA 5			0	703,238	703,238		0
Total Special Education and School Age Parents			104,508	5,672,640	5,667,605		99,473
General Equalization	255.201	113150-116		35,358	35,358		
Pupil Transportation	255.107	113150-102					
Total Major State Programs			104,508	6,411,236	6,406,201		99,473
<b>Nonmajor State Programs</b>							
Per Pupil Aid	255.945	113150-113			234,750		234,750
Common School Fund	255.103	113150-104		60,510	60,510		
State School Lunch Aid	255.102	113150-107		5,939	5,939		
High Cost Special Education Aid	255.210	113150-119		11,958	11,958		
Alcohol and Other Drug Abuse	255.306	113150-143		919	15,919		15,000
School Breakfast	255.344	113150-108		2,211	2,211		
Peer Review Mentor Grant - Educator Effectiveness Pilot	255.940	113150-154		10,960	10,960		
Career and Technical Educ Incentive Grants	255.950	113150-151		8,388	8,388		
DNR	N/A	N/A		31,007	31,007		
Computer Aid	N/A	N/A	12,766	12,766	9,993		9,993
Total Nonmajor State Programs			12,766	144,658	391,635		259,743
<b>TOTAL STATE ASSISTANCE</b>			\$ 117,274	\$ 6,555,894	\$ 6,797,836	\$ 359,216	

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the Lodi School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements as prescribed by the Wisconsin Department of Public Instruction. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

2015-2016 eligible costs under the State Special Education Program are \$2,823,494.

**MILLER, BRUSSELL, EBBEN AND GLAESKE LLC**

CERTIFIED PUBLIC ACCOUNTANTS

611 E WISCONSIN ST

PORTAGE, WISCONSIN

53901

**INDEPENDENT AUDITOR'S 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***

Board of Education  
Lodi School District  
Lodi, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lodi School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 19, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 to be significant deficiencies.

### **Compliance and Other Matters**

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

### **Lodi School District's Response to Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Miller, Brussell, Ebben and Glaeske LLC***

Portage, Wisconsin  
January 19, 2017

MILLER, BRUSSELL, EBBEN AND GLAESKE LLC

CERTIFIED PUBLIC ACCOUNTANTS

611 E WISCONSIN ST  
PORTAGE, WISCONSIN  
53901

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND THE STATE SINGLE AUDIT GUIDELINES

Board of Education  
Lodi School District  
Lodi, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited the Lodi School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal and State Program***

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

***Other Matters***

The results of audit procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and the State Single Audit Guidelines and which is described in the accompanying schedule of findings and questioned costs as items 2016-004. Our opinion on each major federal and state program is not modified with respect to these matters.

Lodi School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the Lodi School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 and 2016-003 that we consider to be significant deficiencies.

This District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

*Miller, Brussell, Ebben and Glaeske LLC*

Portage, Wisconsin  
January 19, 2017

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?            Yes       X       No

Significant deficiencies identified not considered to be material weaknesses?       X       Yes            None reported

Noncompliance material to the financial statements?            Yes       X       No

**Federal Awards**

Internal control over financial reporting:

Material weakness identified?            Yes       X       No

Significant deficiencies identified 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 the Uniform Guidance?       X       Yes            No

Identification of major federal award programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA Flow Through
84.027	High Cost Special Education Aid
84.173	IDEA Preschool
84.010	ESEA Title I-A

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

Auditee qualified as a low-risk auditee?            Yes       X       No

**State Awards**

Internal control over financial reporting:

Material weakness identified?            Yes       X       No

Significant deficiencies identified not considered to be material weaknesses?       X       Yes            None reported

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



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Section I - Summary of Auditor's Results (Continued)**

**State Awards (Continued)**

Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*?      X   Yes              No

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	General Equalization Aid
255.107	Pupil Transportation

**Section II - Financial Statement Findings**

2016-001 Segregation of Duties

Condition:            The size of the office staff precludes a proper segregation of functions to assure adequate internal control.

Criteria:            Lack of segregation of duties.

Cause:              The limited number of office staff results in incompatible functions being performed by the same individuals.

Effect:              There may be inappropriate transactions recorded and assets may not be adequately safeguarded.

Recommendations: This is not unusual for Districts your size, but the Board of Education and management should continue to be aware of this condition and to realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable for an effective system of internal control. Under these conditions, the most effective controls lie in the Board of Education's and management's knowledge of matters relating to the District's operations.

Management Views and Corrective Action Plan: See corrective action plan 2016-001.

2016-002 Preparation of the District's Financial Statements

Condition:            The District does not have management personnel with necessary expertise to prepare the financial statements, related notes and GASB 34 conversion entries necessary to report in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the District's financial statements.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Section II - Financial Statement Findings (Continued)**

2016-002 Preparation of District's Financial Statements (Continued)

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Cause: The additional cost associated with hiring staff experienced in preparation of the District's financial statements, including additional training, outweighs the derived benefits.

Effect: Because management relies on the auditor to assist with preparation of the financial statements, the District's system of internal control may not prevent, detect or correct misstatements in the financial statements.

Recommendation: We recommend District personnel continue reviewing the financial statements by competent staff and approve them before issuance. We will continue to work with the District, providing information and training where needed, to make the District's personnel more knowledgeable about its responsibility for the financial statements.

Management Views and Corrective Action Plan: See corrective action plan 2016-002.

**Section III - Federal and State Award Findings and Questioned Costs**

Federal and State Awards Significant Deficiencies

Same as 2016-001 above.

2016-003 Financial Reporting for Federal and State Assistance

Conditions: The Uniform Guidance and the State Single Audit Guidelines requires the District to prepare appropriate financial statements, including the schedules of expenditures of federal awards. While the current staff of the District maintains financial records supporting amounts reported in the schedules of expenditures of federal awards, the District contracts with its auditor to compile the data from these records and prepare the single audit report for the District.

Criteria: Having staff with expertise in federal reporting to prepare the District's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards, or accompanying notes to the schedule.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Section III - Federal and State Award Findings and Questioned Costs (Continued)**

**Cause:** The additional cost associated with hiring staff sufficiently experienced to prepare the District's single audit report, including the additional training time, outweigh the derived benefits.

**Effect:** Because management relies on its auditor to assist with the preparation of the financial statements, including single audit reports, the District's system of internal control may not prevent, detect or correct misstatements in these financial statements.

**Recommendation:** We recommend District personnel continue reviewing the District's single audit report prepared by its auditor. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to ensure all federal programs are properly reported in the District's single audit report.

**Management Views and Corrective Action Plan:** See corrective action plan 2016-003.

**Federal Awards Findings and Questioned Costs**

2016-004 Time and Effort Reporting, Federal ID Number 84.027 and 84.173

**Condition:** The District did not have time and effort reporting completed for all employees. Also the District did not have written procedures in place to be in alignment with the Uniform Grant Guidance at the time of our audit.

**Criteria:** Federal award guidelines state an employee who works, in part, on a federal program or cost objective must document their time and effort spent working on each federal program or cost objective. An employee who works on multiple activities or cost objectives must complete a personnel activity report which demonstrates the amount of actual time spent working on the federal grant objectives. Furthermore, 2 CFR Part 200, §200.302(b)(7) requires written procedures to be in place to ensure costs claimed under federal programs are in accordance with cost principles established by the Uniform Grant Guidance.

**Cause:** The District did not believe that time and effort reporting was required for employees who worked solely on single cost objectives. The District did not complete written procedures to ensure costs were claimed in accordance with cost principles established by the Uniform Grant Guidance.

**Effect:** The District is not in compliance with the federal requirement requiring time and effort reporting for employees who work on federal programs. The District is also not in compliance with the federal requirement to have written procedures in place to ensure claimed costs meet Uniform Grant Guidance requirements.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Recommendations:** We recommend that the District establish and implement written procedures to ensure that time and effort reporting is completed in a timely manner for all employees working on a federal program and costs claimed under a federal program meet the requirements of the Uniform Grant Guidance.

**Management Views and Corrective Action plan:** See corrective action plan 2016-004.

**State Awards Findings and Questioned Costs**

2016-005 Transportation Findings, State ID Number 255.107

**Condition:** After our program testing was done and after the pupil transportation report was submitted, the District reviewed the listing of students with the bus company and found inaccuracies. The report was resubmitted to reduce transported students reported by 100. We also noted that the District has no process in place to determine what students should be in the 1-90 day category. Furthermore, the District was required to resubmit their transportation report in order to correct for student not residing within boundaries of the unusually hazardous transportation plans filed by the District.

**Criteria:** The District needs to have proper processes in place to document and verify that the pupils reported were transported at least once during the school year as well as those that reside within the boundaries of the unusually hazardous transportation plans. In addition, pupils may only be classified in the transportation tables by days enrolled. This requires the District to have a system for identifying pupils transported by days enrolled. The number of pupils enrolled 90 days or less is reported separately from pupils enrolled in excess of 90 days.

**Cause:** The pupil transportation count was down significantly from the prior years. This could be because the District started using a new bus company. This is why the District decided to review and adjust the original count.

**Effect:** The original report was understated so the District had to work with the bus company to determine the additional students.

**Recommendations:** We recommend that the transportation director work closely with the bus company to make sure students are being reported to them correctly on the transportation listing. Also, the transportation director should develop a process for determining what students should be reported in the 1-90 day category and to check the enrollment status of each student reported on the bus list provided by the contracted bus company to make sure the students are properly reported in the correct categories.

**Management Views and Corrective Action plan:** See corrective action plan 2016-005.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Significant Deficiency 2016-001 Segregation of Duties**

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - Management and the Board will continue to be aware of this condition and continue to be involved in the matters relating to the District's operations. However, it is not feasible or cost effective to add staff to achieve the desired level of internal control.

Anticipated Completion Date - This action will be on going.

**Significant Deficiency 2016-002 Preparation of the District's Financial Statements**

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - Management and the Board will continue to designate competent staff to oversee and review the financial reports and approve them before issuance. However, it is not feasible or cost effective to add staff with the competence to prepare these reports.

Anticipated Completion Date - This action will be ongoing.

**Significant Deficiency 2016-003 Financial Reporting for Federal and State Assistance**

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - Management and the Board will continue to designate competent staff to oversee and review the financial reports and approve them before issuance. However, it is not feasible or cost effective to add staff with the competence to prepare these reports.

Anticipated Completion Date - This action will be ongoing.

**Federal Awards Finding and Questioned Costs 2016-004, Time and Effort Reporting**

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - The business manager is finalizing a set of written procedures for the administration of federal grant funds as required by 2 CFR 200, including written procedures for determining that all appropriate staff members complete their time and effort documentation in a timely manner and all costs claimed meet the requirements of the Uniform Grant Guidance.

Anticipated Completion Date - February 10, 2017

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**CORRECTIVE ACTION PLAN (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

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**State Awards Finding and Questioned Costs 2016-005, Transportation Findings State ID Number 255.107**

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - The business manager reconciled the logs provided by the transportation contractor to the district's enrollment records for 2015-16, in order to identify students enrolled in the district for 90 days or less who would be reported in the "1-90 days" category and any other data reporting issues. Using that information, the business manager corrected and resubmitted the PI-1547 Pupil Transportation Report to DPI. Reconciliation between transportation and enrollment records has been integrated into the districts process for compiling and submitting this report.

Date Completed - August 10, 2016

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2016**

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2015-001 Segregation of Duties

Condition: The size of the office staff precludes a proper segregation of functions to assure adequate internal control.

Recommendations: This is not unusual for Districts your size, but the Board of Education and management should continue to be aware of this condition and to realize that the concentration of duties and for the effective system of internal control. Under these conditions, the most effective controls lie in the Board of Education's and management's knowledge of matters relating to the District's operations.

Current Status: Management and the Board will continue to be aware of this condition and continue to be involved in the matters relating to the District's operations. However, they continue to believe it is not feasible or cost effective to add staff to achieve the desired level of internal control.

2015-002 Preparation of the District's Financial Statements

Condition: The District does not have management personnel with necessary expertise to prepare the financial statements, related notes and GASB 34 conversion entries necessary to report in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with preparation of the District's financial statements.

Recommendations: We recommended District personnel continue reviewing the financial statements by competent staff and approve them before issuance. We will continue to work with the District providing information and training where needed, to make the District's personnel more knowledgeable about its responsibility for the financial statements.

Current Status: Management and the Board continue to believe that cost to hire additional staff to eliminate the control deficiency outweighs the benefits to be received. Competent staff will continue to be designated to oversee and review the financial reports and approve them before issuance.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

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2015-003 Financial Reporting for Federal Assistance

**Condition:** OMB Circular A-133 and the State Single Audit Guidelines requires the District to prepare appropriate financial statements, including the schedules of expenditures of federal awards. While the current staff of the District maintains financial records supporting amounts reported in the schedules of expenditures of federal awards, the District contracts with its auditor to compile the data from these records and prepare the single audit report for the District.

**Recommendation:** We recommended that District personnel continue reviewing the District's single audit report prepared by its auditor. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to ensure all federal programs are properly reported in the District's single audit report.

**Current Status:** Management and the Board will continue to designate competent staff to oversee and review the financial reports and approve them before issuance. However, they continue to believe it is not feasible or cost effective to add staff to achieve the competence required to prepare these reports.

2015-004 Time and Effort Reporting Federal ID Number 84.027 and 84.173

**Condition:** Federal award guidelines state an employee who works, in part, on a federal program or cost objective must document their time and effort spent working on each federal program or cost objective. An employee who works on multiple activities or cost objectives must complete a personnel activity report which demonstrates the amount of actual time spent working on the federal grant objectives. Furthermore, 2 CFR Part 200, §200.302(b)(7) requires written procedures to be in place to ensure costs claimed under federal programs are in accordance with cost principles established by the Uniform Grant Guidance. The District did not have time and effort reporting completed for all employees at the time of the audit. The District also did not have written procedures in place to be in alignment with the Uniform Grant Guidance.

**Recommendation:** We recommended that the District establish and implement written procedures to ensure that time and effort reporting is completed in a timely manner for all employees working on a federal program and costs claimed under a federal program meet the requirements of the Uniform Grant Guidance.

**Current Status:** The District is working on establishing and documenting procedures to ensure time and effort reporting is completed for all employees working on a federal grant and all costs claimed on federal grant meet the requirements of the Uniform Grant Guidance.



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

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2015-005 Transportation Findings, State ID Number 255.107

**Condition:** After our program testing was done and after the pupil transportation report was submitted, the District reviewed the listing of students with the bus company and found additional students to add. The report was resubmitted to include around 45 extra students. We also noted that the District has no process in place to determine what students should be in the 1-90 day category.

**Recommendation:** We recommended that the transportation director work closely with the bus company to make sure students are being reported to them correctly on the transportation listing. Also, the transportation director should develop a process for determining what students should be reported in the 1-90 day category and to check the enrollment status of each student reported on the bus list provided by the contracted bus company to make sure the students are properly reported in the correct categories.

**Current Status:** The District is working on establishing a closer relationship with its bus company and implementing procedures to ensure students are reported correctly based on their days enrolled.