

**LODI SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(AUDITED)**

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

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LODI, WISCONSIN**

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## FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

611 E WISCONSIN ST

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, 2017, 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, 2017, 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 schedules, the schedule of funding progress for postemployment benefit plans other than pensions and the schedules for pension related items on pages 39 through 44 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 the Wisconsin Department of Public Instruction 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 November 27, 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  
November 27, 2017



## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**STATEMENT OF NET POSITION  
JUNE 30, 2017**

|  | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>  |                            |                             |                      |
| Current Assets   |                            |                             |                      |
| Cash and investments                                       | \$ 22,622,979              | \$ 239,333                  | \$ 22,862,312        |
| Receivables  |                            |                             |                      |
| Accounts   | 63,091                     |                             | 63,091               |
| Taxes  | 3,581,721                  |                             | 3,581,721            |
| Inventory  |                            | 9,286                       | 9,286                |
| Due from other funds                                       | 13,770                     |                             | 13,770               |
| Due from other governments                                 | 546,513                    | 4,975                       | 551,488              |
| Prepaid expense  | 55,223                     |                             | 55,223               |
| Total Current Assets                                       | <u>26,883,297</u>          | <u>253,594</u>              | <u>27,136,891</u>    |
| Noncurrent Assets  |                            |                             |                      |
| Land   | 214,307                    |                             | 214,307              |
| Construction in progress                                   | 2,013,479                  |                             | 2,013,479            |
| Buildings and improvements                                 | 38,779,874                 |                             | 38,779,874           |
| Furniture and equipment                                    | 991,544                    | 84,858                      | 1,076,402            |
| Less accumulated depreciation                              | <u>(23,246,432)</u>        | <u>(32,231)</u>             | <u>(23,278,663)</u>  |
| Net Noncurrent Assets                                      | <u>18,752,772</u>          | <u>52,627</u>               | <u>18,805,399</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      |                            |                             |                      |
| Pension related outflows of resources                      | <u>4,315,249</u>           | <u>79,407</u>               | <u>4,394,656</u>     |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                  | <u>\$ 49,951,318</u>       | <u>\$ 385,628</u>           | <u>\$ 50,336,946</u> |
| <b>LIABILITIES</b>   |                            |                             |                      |
| Current Liabilities  |                            |                             |                      |
| Accounts payable   | \$ 42,859                  | \$ 42                       | \$ 42,901            |
| Accrued liabilities  |                            |                             |                      |
| Payroll, payroll taxes, insurance                          | 841,147                    |                             | 841,147              |
| Interest   | 142,456                    |                             | 142,456              |
| Unearned revenue   |                            | 2,088                       | 2,088                |
| Deposits payable   |                            | 25,884                      | 25,884               |
| Due to other funds   | 2,090                      |                             | 2,090                |
| Due to other governments                                   | 23,380                     |                             | 23,380               |
| Current portion of long-term obligations                   | 1,244,340                  |                             | 1,244,340            |
| Total Current Liabilities                                  | <u>2,296,272</u>           | <u>28,014</u>               | <u>2,324,286</u>     |
| Noncurrent Liabilities                                     |                            |                             |                      |
| Noncurrent portion of long-term obligations                | 23,963,829                 |                             | 23,963,829           |
| Total Noncurrent Liabilities                               | <u>23,963,829</u>          | <u>0</u>                    | <u>23,963,829</u>    |
| Other Noncurrent Liabilities                               |                            |                             |                      |
| Net pension liability                                      | 530,017                    | 9,753                       | 539,770              |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      |                            |                             |                      |
| Pension related inflows of resources                       | <u>2,202,141</u>           | <u>40,523</u>               | <u>2,242,664</u>     |
| Total Liabilities and Deferred Inflows                     | <u>28,992,259</u>          | <u>78,290</u>               | <u>29,070,549</u>    |
| <b>NET POSITION</b>  |                            |                             |                      |
| Net investment in capital assets                           | 16,739,293                 | 52,627                      | 16,791,920           |
| Restricted   | 2,841,050                  | 254,711                     | 3,095,761            |
| Unrestricted   | 1,378,716                  |                             | 1,378,716            |
| Total Net Position   | <u>20,959,059</u>          | <u>307,338</u>              | <u>21,266,397</u>    |
| <b>TOTAL LIABILITIES DEFERRED INFLOWS AND NET POSITION</b> | <u>\$ 49,951,318</u>       | <u>\$ 385,628</u>           | <u>\$ 50,336,946</u> |

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT  
LODI WISCONSIN**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

| 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   | \$ 8,261,816         | \$ 163,511           | \$ 488,778                         | \$ (7,609,527)                                    | \$ 0                     | \$ (7,609,527)       |
| Vocational instruction                                      | 589,426              | 7,480                | 8,312                              | (573,634)   |                          | (573,634)            |
| Special education instruction                               | 2,667,299            | 57,580               | 786,345                            | (1,823,374)                                       |                          | (1,823,374)          |
| Other instruction   | 1,109,603            | 67,806               |                                    | (1,041,797)                                       |                          | (1,041,797)          |
| Total Instruction   | 12,628,144           | 296,377              | 1,283,435                          | (11,048,332)                                      | 0                        | (11,048,332)         |
| <b>Support Services</b>                                     |                      |                      |                                    |   |                          |                      |
| Pupil services  | 724,648              | 77,662               | 178,330                            | (468,656)   |                          | (468,656)            |
| Instructional staff services                                | 631,727              | 368                  | 209,144                            | (422,215)   |                          | (422,215)            |
| General administration services                             | 324,835              |                      |                                    | (324,835)   |                          | (324,835)            |
| Business administration services                            | 1,153,025            |                      |                                    | (1,153,025)                                       |                          | (1,153,025)          |
| Business services   | 433,981              |                      | 3,112                              | (430,869)   |                          | (430,869)            |
| Operations and maintenance of plant                         | 2,549,004            |                      |                                    | (2,549,004)                                       |                          | (2,549,004)          |
| Pupil transportation services                               | 1,056,248            |                      | 73,963                             | (982,285)   |                          | (982,285)            |
| Central services  | 541,403              |                      | 304                                | (541,099)   |                          | (541,099)            |
| Interest on debt  | 330,752              |                      |                                    | (330,752)   |                          | (330,752)            |
| Insurance   | 175,969              |                      |                                    | (175,969)   |                          | (175,969)            |
| Other support   | 337,780              | 14,173               | 794                                | (322,813)   |                          | (322,813)            |
| Community services  | 287,347              | 141,005              |                                    | (146,342)   |                          | (146,342)            |
| Depreciation - unallocated*                                 | 491,681              |                      |                                    | (491,681)   |                          | (491,681)            |
| Total Support Services                                      | 9,038,400            | 233,208              | 465,647                            | (8,339,545)                                       | 0                        | (8,339,545)          |
| Total Governmental Activities                               | 21,666,544           | 529,585              | 1,749,082                          | (19,387,877)                                      | 0                        | (19,387,877)         |
| <b>Business-Type Activities</b>                             |                      |                      |                                    |   |                          |                      |
| School Food Service Program                                 | 665,953              | 474,222              | 203,900                            | 0   | 12,169                   | 12,169               |
| <b>TOTAL SCHOOL DISTRICT</b>                                | <b>\$ 22,332,497</b> | <b>\$ 1,003,807</b>  | <b>\$ 1,952,982</b>                | <b>(19,387,877)</b>                               | <b>12,169</b>            | <b>(19,375,708)</b>  |
| <b>General Revenues</b>                                     |                      |                      |                                    |   |                          |                      |
| Property taxes  |                      |                      |                                    |   |                          |                      |
| General purposes  |                      |                      |                                    | 10,800,921  |                          | 10,800,921           |
| Debt services   |                      |                      |                                    | 1,913,750   |                          | 1,913,750            |
| Capital expansion   |                      |                      |                                    | 50,000  |                          | 50,000               |
| Community services  |                      |                      |                                    | 202,000   |                          | 202,000              |
| State and federal aids not restricted to specific functions |                      |                      |                                    |   |                          |                      |
| General   |                      |                      |                                    | 5,300,325   |                          | 5,300,325            |
| Other   |                      |                      |                                    | 524,019   |                          | 524,019              |
| Interest and investment earnings                            |                      |                      |                                    | 57,550  |                          | 57,550               |
| Miscellaneous   |                      |                      |                                    | 358,123   |                          | 358,123              |
| Total General Revenues                                      |                      |                      |                                    | 19,206,688  | 0                        | 19,206,688           |
| <b>Change in Net Position</b>                               |                      |                      |                                    | (181,189)   | 12,169                   | (169,020)            |
| <b>NET POSITION - Beginning of Year</b>                     |                      |                      |                                    | 21,140,248  | 295,169                  | 21,435,417           |
| <b>NET POSITION - END OF YEAR</b>                           |                      |                      |                                    | <b>\$ 20,959,059</b>                              | <b>\$ 307,338</b>        | <b>\$ 21,266,397</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, 2017

|   | General<br>Fund     | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>   |                     |                         |                             |                                |                                |
| Cash and investments  | \$ 1,339,734        | \$ 311,894              | \$ 20,067,932               | \$ 903,419                     | \$ 22,622,979                  |
| Receivables   |                     |                         |                             |                                |                                |
| Accounts  | 61,515              |                         |                             | 1,576                          | 63,091                         |
| Taxes   | 3,581,721           |                         |                             |                                | 3,581,721                      |
| Due from other funds  | 13,770              |                         |                             |                                | 13,770                         |
| Due from other governments  | 546,513             |                         |                             |                                | 546,513                        |
| Prepaid expense   | 55,223              |                         |                             |                                | 55,223                         |
| <b>TOTAL ASSETS</b>   | <b>\$ 5,598,476</b> | <b>\$ 311,894</b>       | <b>\$ 20,067,932</b>        | <b>\$ 904,995</b>              | <b>\$ 26,883,297</b>           |
| <b>LIABILITIES AND FUND BALANCES</b>  |                     |                         |                             |                                |                                |
| <b>Liabilities</b>  |                     |                         |                             |                                |                                |
| Accounts payable  | \$ 13,649           |                         | \$ 29,210                   | \$ 0                           | \$ 42,859                      |
| Accrued liabilities   |                     |                         |                             |                                |                                |
| Payroll, payroll taxes, insurance   | 837,790             |                         |                             | 3,357                          | 841,147                        |
| Due to other funds  | 90                  |                         | 2,000                       |                                | 2,090                          |
| Due to other governments  | 23,380              |                         |                             |                                | 23,380                         |
| Total Liabilities   | 874,909             | 0                       | 31,210                      | 3,357                          | 909,476                        |
| <b>Fund Balances</b>  |                     |                         |                             |                                |                                |
| Nonspendable  | 55,223              |                         |                             |                                | 55,223                         |
| Restricted  |                     | 311,894                 | 20,036,722                  | 901,638                        | 21,250,254                     |
| Unassigned  | 4,668,344           |                         |                             |                                | 4,668,344                      |
| Total Fund Balances   | 4,723,567           | 311,894                 | 20,036,722                  | 901,638                        | 25,973,821                     |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>  | <b>\$ 5,598,476</b> | <b>\$ 311,894</b>       | <b>\$ 20,067,932</b>        | <b>\$ 904,995</b>              | <b>\$ 26,883,297</b>           |
| Total fund balance reported on governmental funds balance sheet   |                     |                         |                             |                                | \$ 25,973,821                  |
| 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  |                     |                         |                             | 41,999,204                     |                                |
| Governmental accumulated depreciation   |                     |                         |                             | (23,246,432)                   | 18,752,772                     |
| 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   |                     |                         |                             | (530,017)                      |                                |
| Pension related deferred outflows   |                     |                         |                             | 4,315,249                      |                                |
| Pension related deferred inflows  |                     |                         |                             | (2,202,141)                    | 1,583,091                      |
| 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   |                     |                         |                             | (21,915,000)                   |                                |
| Accrued interest on general obligation debt   |                     |                         |                             | (142,456)                      |                                |
| Unamortized debt premium  |                     |                         |                             | (847,784)                      |                                |
| Unamortized discounts   |                     |                         |                             | 276,025                        |                                |
| Vested employee benefits  |                     |                         |                             | (2,721,410)                    | (25,350,625)                   |
| <b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>   |                     |                         |                             |                                | <b>\$ 20,959,059</b>           |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

|   | General<br>Fund     | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>                                   |                     |                         |                             |                                |                                |
| Property taxes                                    | \$ 10,800,921       | \$ 1,913,750            | \$ 0                        | \$ 252,000                     | \$ 12,966,671                  |
| Other local sources                               | 284,916             | 2,260                   | 44,427                      | 315,898                        | 647,501                        |
| Interdistrict sources                             | 482,479             |                         |                             | 8,434                          | 490,913                        |
| Intermediate sources                              | 29,147              |                         |                             |                                | 29,147                         |
| State sources                                     | 6,636,854           |                         |                             |                                | 6,636,854                      |
| Federal sources                                   | 526,845             |                         |                             |                                | 526,845                        |
| Other sources                                     | 187,424             |                         |                             |                                | 187,424                        |
| Total Revenues                                    | <u>18,948,586</u>   | <u>1,916,010</u>        | <u>44,427</u>               | <u>576,332</u>                 | <u>21,485,355</u>              |
| <b>EXPENDITURES</b>                               |                     |                         |                             |                                |                                |
| Instruction                                       |                     |                         |                             |                                |                                |
| Regular instruction                               | 7,851,097           |                         |                             | 115,685                        | 7,966,782                      |
| Vocational instruction                            | 567,307             |                         |                             | 110                            | 567,417                        |
| Special instruction                               | 2,645,478           |                         |                             | 220                            | 2,645,698                      |
| Other instruction                                 | 998,374             |                         |                             | 41,739                         | 1,040,113                      |
| Total Instruction                                 | <u>12,062,256</u>   | <u>0</u>                | <u>0</u>                    | <u>157,754</u>                 | <u>12,220,010</u>              |
| Support Services                                  |                     |                         |                             |                                |                                |
| Pupil services                                    | 694,455             |                         |                             |                                | 694,455                        |
| Instructional staff services                      | 603,991             |                         |                             | 9,881                          | 613,872                        |
| General administration services                   | 322,004             |                         |                             |                                | 322,004                        |
| Building administration services                  | 1,085,214           |                         |                             | 16,223                         | 1,101,437                      |
| Business services                                 | 418,147             |                         |                             |                                | 418,147                        |
| Operations and maintenance                        | 2,444,544           |                         | 2,007,705                   | 58,631                         | 4,510,880                      |
| Pupil transportation                              | 1,056,248           |                         |                             |                                | 1,056,248                      |
| Central services                                  | 581,337             |                         |                             |                                | 581,337                        |
| Principal and interest                            |                     | 12,531,091              |                             |                                | 12,531,091                     |
| Insurance   | 175,969             |                         |                             |                                | 175,969                        |
| Other support                                     | 337,780             |                         |                             |                                | 337,780                        |
| Community services                                |                     |                         |                             | 277,230                        | 277,230                        |
| Total Support Services                            | <u>7,719,689</u>    | <u>12,531,091</u>       | <u>2,007,705</u>            | <u>361,965</u>                 | <u>22,620,450</u>              |
| Total Expenditures                                | <u>19,781,945</u>   | <u>12,531,091</u>       | <u>2,007,705</u>            | <u>519,719</u>                 | <u>34,840,460</u>              |
| Excess (Deficiency) of Revenues Over Expenditures | (833,359)           | (10,615,081)            | (1,963,278)                 | 56,613                         | (13,355,105)                   |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                         |                             |                                |                                |
| Note proceeds                                     |                     |                         | 9,990,000                   |                                | 9,990,000                      |
| Bond proceeds                                     |                     | 9,905,000               | 12,010,000                  |                                | 21,915,000                     |
| Bond premium                                      |                     | 894,825                 |                             |                                | 894,825                        |
| Transfer from (to) other funds                    | (10,780)            |                         |                             | 10,780                         |                                |
| Net Other Financing Sources (Uses)                | <u>(10,780)</u>     | <u>10,799,825</u>       | <u>22,000,000</u>           | <u>10,780</u>                  | <u>32,799,825</u>              |
| Net Change in Fund Balances                       | (844,139)           | 184,744                 | 20,036,722                  | 67,393                         | 19,444,720                     |
| FUND BALANCES - Beginning of Year                 | <u>5,567,706</u>    | <u>127,150</u>          | <u>0</u>                    | <u>834,245</u>                 | <u>6,529,101</u>               |
| FUND BALANCES - END OF YEAR                       | <u>\$ 4,723,567</u> | <u>\$ 311,894</u>       | <u>\$ 20,036,722</u>        | <u>\$ 901,638</u>              | <u>\$ 25,973,821</u>           |

**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, 2017**

|   |                            |
|---|----------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | <b>\$ 19,444,720</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   | 2,435,181                  |
| Depreciation expense reported in the statement of activities  | <u>(838,755)</u>           |
| Amount by which capital outlays are greater (less) than depreciation in the current period.   | 1,596,426                  |
| 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:   | 81,296                     |
| 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:   | 11,990,000                 |
| Bond proceeds on long-term debt are reported in the governmental funds as a revenue, but is reported as an increase in long-term debt in the statement of net assets and does not affect the statement of activities.   |                            |
| The amount of bond proceeds in the current year is:   | (31,905,000)               |
| Governmental funds report the effect of debt premiums and discounts when debt is first issued. However in the statement of net position, they are deferred and amortized over the life of the debt and reported as revenue or expense in the statement of activities.                                 |                            |
| Bond premium on new debt issue  | (894,825)                  |
| Bond discount on new debt issue   | 282,171                    |
| Amortization of bond premium  | 66,770                     |
| Amortization of bond discount   | (6,146)                    |
| 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.   | 649,621                    |
| 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.  | (1,353,766)                |
| 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   | 102,438                    |
| The amount of interest accrued during the current period  | <u>(234,894)</u>           |
| Interest paid is greater (less) than interest accrued by  | <u>(132,456)</u>           |
| <b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>   | <b>\$ <u>(181,189)</u></b> |



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

STATEMENTS OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017 AND 2016

|   |           | Food Service Fund     |                          |
|---|-----------|-----------------------|--------------------------|
|   |           | 2017                  | 2016                     |
| <b>ASSETS</b>                                   |           |                       |                          |
| Current Assets                                  |           |                       |                          |
| Cash  | \$        | 239,333               | \$ 196,093               |
| Inventory                                       |           | 9,286                 | 7,109                    |
| Due from other governments                      |           | 4,975                 | 4,662                    |
| Total Current Assets                            |           | <u>253,594</u>        | <u>207,864</u>           |
| Noncurrent Assets                               |           |                       |                          |
| Furniture and equipment                         |           | 84,858                | 84,858                   |
| Less accumulated depreciation                   |           | (32,231)              | (21,343)                 |
| Net Noncurrent Assets                           |           | <u>52,627</u>         | <u>63,515</u>            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |           |                       |                          |
| Pension related outflows of resources           |           | <u>79,407</u>         | <u>101,701</u>           |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>       | <b>\$</b> | <b><u>385,628</u></b> | <b><u>\$ 373,080</u></b> |
| <b>LIABILITIES</b>                              |           |                       |                          |
| Current Liabilities                             |           |                       |                          |
| Accounts payable                                | \$        | 42                    | \$ 41                    |
| Deposits payable                                |           | 25,884                | 18,659                   |
| Deferred revenue                                |           | 2,088                 |                          |
| Total Current Liabilities                       |           | <u>28,014</u>         | <u>18,700</u>            |
| Other Noncurrent Liabilities                    |           |                       |                          |
| Net pension liability                           |           | <u>9,753</u>          | <u>19,073</u>            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |           |                       |                          |
| Pension related inflows of resources            |           | <u>40,523</u>         | <u>40,138</u>            |
| <b>NET POSITION</b>                             |           |                       |                          |
| Invested in capital assets, net of related debt |           | 52,627                | 63,515                   |
| Restricted for food service programs            |           | 225,580               | 189,164                  |
| Restricted for pension related items            |           | 29,131                | 42,490                   |
| Total Net Position                              |           | <u>307,338</u>        | <u>295,169</u>           |
| <b>TOTAL LIABILITIES AND NET POSITION</b>       | <b>\$</b> | <b><u>385,628</u></b> | <b><u>\$ 373,080</u></b> |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

|                                       | Food Service Fund |                   |
|---------------------------------------|-------------------|-------------------|
|                                       | 2017              | 2016              |
| <b>REVENUES</b>                       |                   |                   |
| Food sales                            | \$ 446,586        | \$ 450,660        |
| Interdistrict                         | 27,636            | 26,434            |
| State sources                         | 8,317             | 8,151             |
| Federal sources                       | 153,532           | 154,498           |
| Federal commodities                   | 42,051            | 39,407            |
| Total Revenues                        | <u>678,122</u>    | <u>679,150</u>    |
| <b>OPERATING EXPENSES</b>             |                   |                   |
| Salaries and wages                    | 233,356           | 224,644           |
| Employer paid benefits                | 127,702           | 122,681           |
| Supplies, food and materials          | 269,690           | 315,946           |
| Purchased services                    | 19,527            | 6,936             |
| Other                                 | 4,790             | 430               |
| Depreciation                          | 10,888            | 5,840             |
| Total Operating Expenses              | <u>665,953</u>    | <u>676,477</u>    |
| <b>Operating Income (Loss)</b>        | <u>12,169</u>     | <u>2,673</u>      |
| <b>Change in Net Assets</b>           | 12,169            | 2,673             |
| <b>NET ASSETS - Beginning of Year</b> | <u>295,169</u>    | <u>292,496</u>    |
| <b>NET ASSETS - END OF YEAR</b>       | <u>\$ 307,338</u> | <u>\$ 295,169</u> |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

|   | Food Service Fund |                   |
|---|-------------------|-------------------|
|   | 2017              | 2016              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                   |
| Cash received from user charges   | \$ 448,674        | \$ 468,517        |
| Cash received from other government payments  | 189,172           | 184,421           |
| Cash payments to employees for services   | (340,474)         | (333,258)         |
| Cash payments to suppliers for goods and services   | (229,815)         | (276,987)         |
| Cash payments for purchased services  | (19,527)          | (6,936)           |
| Cash payments for other operating expenses  | (4,790)           | (430)             |
| Net Cash Provided By (Used For) Operating Activities  | <u>43,240</u>     | <u>35,327</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                   |                   |
| Cash payments for acquisition of capital assets   |                   | (37,864)          |
| Net Cash Provided By (Used For) Capital and Related Financing Activities                                    | <u>0</u>          | <u>(37,864)</u>   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | 43,240            | (2,537)           |
| <b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>  | <u>196,093</u>    | <u>198,630</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <u>\$ 239,333</u> | <u>\$ 196,093</u> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>           |                   |                   |
| Operating income (loss)   | \$ 12,169         | \$ 2,673          |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities           |                   |                   |
| Depreciation  | 10,888            | 5,840             |
| Net change in pension related items   | 13,359            | 14,067            |
| Changes in operating assets and liabilities   |                   |                   |
| Inventory   | (2,177)           | (381)             |
| Accounts receivable   |                   | 17,857            |
| Due from other governments  | (313)             | (4,662)           |
| Accounts payable  | 1                 | (67)              |
| Deposits payable  | 7,225             |                   |
| Deferred revenue  | <u>2,088</u>      |                   |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>   | <u>\$ 43,240</u>  | <u>\$ 35,327</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>\$ 42,051</u>  | <u>\$ 39,407</u>  |

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

STATEMENTS OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

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|                                | Private-Purpose<br>Trust Funds | Agency<br>Fund               |
|--------------------------------|--------------------------------|------------------------------|
|                                | <u>                    </u>    | <u>                    </u>  |
| <b>ASSETS</b>                  |                                |                              |
| Current Assets                 |                                |                              |
| Cash and investments           | \$      182,473                | \$      41,227               |
| Due from other funds           | <u>                  90</u>    | <u>                    </u>  |
| <b>TOTAL ASSETS</b>            | <u><u>\$      182,563</u></u>  | <u><u>\$      41,227</u></u> |
|                                |                                |                              |
| <b>LIABILITIES</b>             |                                |                              |
| Accounts payable               | \$                  0          | \$      2,427                |
| Due to Student Groups          |                                | 38,410                       |
| Due to other funds             | <u>          11,380</u>        | <u>          390</u>         |
| Total Liabilities              | <u><u>\$      11,380</u></u>   | <u><u>\$      41,227</u></u> |
|                                |                                |                              |
| <b>NET ASSETS</b>              |                                |                              |
| Held in Trust for Scholarships | <u><u>\$      171,183</u></u>  |                              |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST  
FOR THE YEAR ENDED JUNE 30, 2017

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|                                       |                   |
|---------------------------------------|-------------------|
| <b>ADDITIONS</b>                      |                   |
| Interest and dividend income          | \$ 3,915          |
| Other revenue                         | 15,002            |
| Gifts                                 | <u>7,398</u>      |
| Total Additions                       | <u>26,315</u>     |
| <b>DEDUCTIONS</b>                     |                   |
| Scholarships awarded                  | 33,830            |
| Other trust fund disbursements        | <u>3</u>          |
| Total Deductions                      | <u>33,833</u>     |
| <b>Change in Net Assets</b>           | (7,518)           |
| <b>NET ASSETS - Beginning of Year</b> | <u>178,701</u>    |
| <b>NET ASSETS - END OF YEAR</b>       | <u>\$ 171,183</u> |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017**

---

**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 funds:

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.

Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

Capital Projects Fund - This fund accounts for the activities and resources used to finance the acquisition or construction of capital facilities, equipment, and other capital-related resources.

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.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

---

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

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

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.

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.



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

---

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

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

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.

**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 2016 tax levy is used to finance operations of the District's fiscal year ended June 30, 2017. 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.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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.

**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<br/>Threshold</u> | <u>Depreciation<br/>Method</u> | <u>Estimated<br/>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, 2017**

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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, 2017**

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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, 2017, 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, 2017**

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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, 2017**

**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<br>Governmental<br>Funds | Long-Term<br>Revenues/<br>Expenses | Capital<br>Related<br>Items | Long-Term<br>Debt<br>Transactions | Statement<br>Of<br>Activities<br>Total |
|--------------------------------------|--------------------------------|------------------------------------|-----------------------------|-----------------------------------|--|
| Revenues and Other Sources           |                                |                                    |                             |                                   |  |
| Property taxes                       | \$12,966,671                   | \$ 0                               | \$ 0                        | \$ 0                              | \$12,966,671                           |
| Other local sources                  |                                |                                    |                             |                                   |  |
| Interest and investment earnings     | 57,550                         |                                    |                             |                                   | 57,550                                 |
| Miscellaneous                        | 170,698                        |                                    |                             |                                   | 170,698                                |
| Charges for services                 | 419,253                        |                                    |                             |                                   | 419,253                                |
| Interdistrict sources                |                                |                                    |                             |                                   |  |
| Other general aid                    | 458,243                        |                                    |                             |                                   | 458,243                                |
| Charges for services                 | 32,670                         |                                    |                             |                                   | 32,670                                 |
| Intermediate sources                 |                                |                                    |                             |                                   |  |
| Operating grants and contributions   | 29,147                         |                                    |                             |                                   | 29,147                                 |
| State sources                        |                                |                                    |                             |                                   |  |
| General aid                          | 5,300,325                      |                                    |                             |                                   | 5,300,325                              |
| Operating grants and contributions   | 1,270,753                      |                                    |                             |                                   | 1,270,753                              |
| Other general aid                    | 65,776                         |                                    |                             |                                   | 65,776                                 |
| Federal sources                      |                                |                                    |                             |                                   |  |
| Charges for services                 | 77,662                         |                                    |                             |                                   | 77,662                                 |
| Operating grants and contributions   | 449,182                        |                                    |                             |                                   | 449,182                                |
| Other revenue sources                |                                |                                    |                             |                                   |  |
| Miscellaneous                        | 187,425                        |                                    |                             |                                   | 187,425                                |
| Proceeds on long-term debt           | 31,905,000                     |                                    |                             | (31,905,000)                      |  |
| Bond premium                         | 894,825                        |                                    |                             | (894,825)                         |  |
| <br>Total Revenues and Other Sources | <br>\$54,285,180               | <br>\$ 0                           | <br>\$ 0                    | <br>\$(32,799,825)                | <br>\$21,485,355                       |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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<br>Governmental<br>Funds | Long-Term<br>Revenues/<br>Expenses | Pension Related Items     |                       | Capital Related Items |                     | Long-Term<br>Debt<br>Transactions | Statement<br>Of<br>Activities<br>Total |
|------------------------------|--------------------------------|------------------------------------|---------------------------|-----------------------|-----------------------|---------------------|-----------------------------------|--|
|                              |                                |                                    | Employer<br>Contributions | Pension<br>Expense    | Acquisitions          | Depreciation        |                                   |  |
| Expenditures/Expenses        |                                |                                    |                           |                       |                       |                     |                                   |  |
| Regular instruction          | \$ 7,966,782                   | \$ (53,000)                        | \$(318,511)               | \$ 663,750            | \$ 0                  | \$ 2,795            | \$ 0                              | \$ 8,261,816                           |
| Vocational instruction       | 567,417                        | (3,775)                            | (23,787)                  | 49,571                |                       |                     |                                   | 589,426                                |
| Special education            |                                |                                    |                           |                       |                       |                     |                                   |  |
| instruction                  | 2,645,698                      | (17,601)                           | (37,775)                  | 78,720                | (5,495)               | 3,752               |                                   | 2,667,299                              |
| Other instruction            | 1,040,113                      | (6,920)                            | (117,254)                 | 244,349               | (57,394)              | 6,709               |                                   | 1,109,603                              |
| Pupil services               | 694,455                        |                                    | (27,854)                  | 58,047                |                       |                     |                                   | 724,648                                |
| Instructional staff services | 613,872                        |                                    | (16,472)                  | 34,327                |                       |                     |                                   | 631,727                                |
| General administration       |                                |                                    |                           |                       |                       |                     |                                   |  |
| services                     | 322,004                        |                                    | (2,611)                   | 5,442                 |                       |                     |                                   | 324,835                                |
| Building administration      |                                |                                    |                           |                       |                       |                     |                                   |  |
| services                     | 1,101,437                      |                                    | (47,593)                  | 99,181                |                       |                     |                                   | 1,153,025                              |
| Business services            | 418,147                        |                                    | (14,607)                  | 30,441                |                       |                     |                                   | 433,981                                |
| Operations and maintenance   | 4,510,880                      |                                    | (23,039)                  | 48,013                | (2,034,539)           | 47,689              |                                   | 2,549,004                              |
| Pupil transportation         | 1,056,248                      |                                    |                           |                       |                       |                     |                                   | 1,056,248                              |
| Central services             | 581,337                        |                                    | (10,784)                  | 22,474                | (92,787)              | 41,163              |                                   | 541,403                                |
| Principal and interest       | 12,531,091                     |                                    |                           |                       |                       |                     | (12,200,339)                      | 330,752                                |
| Insurance                    | 175,969                        |                                    |                           |                       |                       |                     |                                   | 175,969                                |
| Other support services       | 337,780                        |                                    |                           |                       |                       |                     |                                   | 337,780                                |
| Community services           | 277,230                        |                                    | (9,334)                   | 19,451                |                       |                     |                                   | 287,347                                |
| Depreciation - unallocated   |                                |                                    |                           |                       | (244,966)             | 736,647             |                                   | 491,681                                |
| Total Expenditures/Expenses  | <u>34,840,460</u>              | <u>(81,296)</u>                    | <u>(649,621)</u>          | <u>1,353,766</u>      | <u>(2,435,181)</u>    | <u>838,755</u>      | <u>(12,200,339)</u>               | <u>21,666,544</u>                      |
| Net Change for Year          | <u>\$19,444,720</u>            | <u>\$ 81,296</u>                   | <u>\$ 649,621</u>         | <u>\$ (1,353,766)</u> | <u>\$ 2,435,181</u>   | <u>\$ (838,755)</u> | <u>\$ (20,599,486)</u>            | <u>\$ (181,189)</u>                    |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017**

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

The District's deposits and investment balances at June 30, 2017 were as follows:

|  | Category         |             |                    | Bank<br>Balance    | Carrying<br>Amount  |
|--|------------------|-------------|--------------------|--------------------|---------------------|
|  | 1                | 2           | 3                  |                    |                     |
| Associated Bank                                | <u>\$650,000</u> | <u>\$ 0</u> | <u>\$2,651,429</u> | <u>\$3,301,429</u> | \$2,786,723         |
| Thompson IM Funds                              |                  |             |                    |                    | 95,782              |
| Investment in local government investment pool |                  |             |                    |                    | 53                  |
| Wisconsin Investment Series Cooperative        |                  |             |                    |                    | <u>20,203,454</u>   |
| Total Cash                                     |                  |             |                    |                    | <u>23,086,004</u>   |
| Less cash and investments - fiduciary funds    |                  |             |                    |                    | <u>(223,700)</u>    |
| Total  |                  |             |                    |                    | <u>\$22,862,312</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, 2017, 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.

The District's investments at June 30, 2017 include the following:

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

|                            | Credit<br>Quality<br>Rating | Credit Exposure<br>As a Percentage of<br>Total Investments | Maturities    | Fair<br>Value       |
|----------------------------|-----------------------------|--|---------------|---------------------|
| Wisconsin Local Government |                             |  |               |                     |
| Investment Pool            | Unrated                     | 0%   | 29 days       | \$ 53               |
| Thompson IM Funds          | BBB                         | 1%   | Not available | 95,782              |
| Wisconsin Investment       |                             |  |               |                     |
| Series Cooperative         | Unrated                     | 99%  | Not available | 20,203,454          |
| Total                      |                             | <u>100%</u>  |               | <u>\$20,299,289</u> |

**NOTE 4 CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

|   | Beginning<br>Balance | Increases          | Decreases   | Ending<br>Balance   |
|---|----------------------|--------------------|-------------|---------------------|
| Governmental Activities   |                      |                    |             |                     |
| Capital assets not being depreciated  |                      |                    |             |                     |
| Construction in progress  | \$ 0                 | \$2,013,479        | \$ 0        | \$ 2,013,479        |
| Sites (land)  | <u>214,307</u>       |                    |             | <u>214,307</u>      |
| Total Capital Assets Not Being<br>Depreciated                                 | <u>214,307</u>       | <u>2,013,479</u>   | <u>0</u>    | <u>2,227,786</u>    |
| Capital assets being depreciated  |                      |                    |             |                     |
| Buildings and improvements  | 38,363,667           | 416,207            |             | 38,779,874          |
| Furniture and equipment   | <u>986,049</u>       | <u>5,495</u>       |             | <u>991,544</u>      |
| Total Capital Assets Being<br>Depreciated                                     | <u>39,349,716</u>    | <u>421,702</u>     | <u>0</u>    | <u>39,771,418</u>   |
| Less accumulated depreciation for   |                      |                    |             |                     |
| Buildings and improvements  | (21,929,678)         | (754,802)          |             | (22,684,480)        |
| Furniture and equipment   | <u>(477,999)</u>     | <u>(83,953)</u>    |             | <u>(561,952)</u>    |
| Total Accumulated Depreciation  | <u>(22,407,677)</u>  | <u>(838,755)</u>   | <u>0</u>    | <u>(23,246,432)</u> |
| Total Capital Assets Being<br>Depreciated, Net of<br>Accumulated Depreciation | <u>16,942,039</u>    | <u>(417,053)</u>   | <u>0</u>    | <u>16,524,986</u>   |
| Governmental Activities Capital<br>Assets, Net of Accumulated<br>Depreciation | <u>\$17,156,346</u>  | <u>\$1,596,426</u> | <u>\$ 0</u> | <u>\$18,752,772</u> |
| Business-Type Activities  |                      |                    |             |                     |
| Capital assets being depreciated  |                      |                    |             |                     |
| Furniture and equipment   | \$ 84,858            | \$ 0               | \$ 0        | \$ 84,858           |
| Less accumulated depreciation   | <u>(21,343)</u>      | <u>(10,888)</u>    |             | <u>(32,231)</u>     |
| Business-Type Activities Capital<br>Assets Net of Accumulated<br>Depreciation | <u>\$ 63,515</u>     | <u>\$ (10,888)</u> | <u>\$ 0</u> | <u>\$ 52,627</u>    |

Depreciation expense was charged to governmental functions as follows:

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

|  |                  |
|--|------------------|
| Regular instruction                            | \$ 2,795         |
| Special education instruction                  | 3,752            |
| Other instruction                              | 6,709            |
| Operations and maintenance                     | 47,689           |
| Central Services                               | 41,163           |
| Depreciation - unallocated                     | <u>736,647</u>   |
| Total Depreciation for Governmental Activities | <u>\$838,755</u> |

**NOTE 5 LONG-TERM LIABILITIES**

Long-term liability balances and activity for the year ended June 30, 2017 were as follows:

|                                | Beginning<br>Balance | Additions           | Reductions          | Ending<br>Balance   | Amounts<br>Due Within<br>One Year |
|--------------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------------------|
| Governmental Activities        |                      |                     |                     |                     |                                   |
| Notes and Bonds                |                      |                     |                     |                     |                                   |
| 2012 G.O. Refunding Bonds      | \$2,000,000          | \$ 0                | \$ 2,000,000        | \$ 0                | \$ 0                              |
| 2016 Bond Anticipation Note    |                      | 9,990,000           | 9,990,000           |                     |                                   |
| 2017 G.O. Refunding Bonds      |                      | 9,905,000           |                     | 9,905,000           |                                   |
| 2017 G.O. School Building Bond |                      | 12,010,000          |                     | 12,010,000          | 920,000                           |
| Bond premium                   | 19,729               | 894,825             | 66,770              | 847,784             | 60,844                            |
| Bond discount                  |                      | (282,171)           | (6,146)             | (276,025)           | (18,932)                          |
| Total Notes and Bonds          | <u>2,019,729</u>     | <u>32,517,654</u>   | <u>12,050,624</u>   | <u>22,486,759</u>   | <u>961,912</u>                    |
| Other Liabilities              |                      |                     |                     |                     |                                   |
| Vested employee benefits       |                      |                     |                     |                     |                                   |
| Compensated absences           | 120,163              | 9,547               |                     | 129,710             | 32,428                            |
| Postemployment health benefits | <u>2,682,543</u>     | <u>153,976</u>      | <u>244,819</u>      | <u>2,591,700</u>    | <u>250,000</u>                    |
| Total Other Liabilities        | <u>2,802,706</u>     | <u>163,523</u>      | <u>244,819</u>      | <u>2,721,410</u>    | <u>282,428</u>                    |
| Total Governmental Activities  | <u>\$4,822,435</u>   | <u>\$32,681,177</u> | <u>\$12,295,443</u> | <u>\$25,208,169</u> | <u>\$1,244,340</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, 2017**

**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                                | \$234,894        | \$102,438        |
| Bond premium amortization                    | (66,770)         |                  |
| Bond discount amortization                   | <u>6,146</u>     |                  |
| Total Interest and Other Fiscal Charges Paid | <u>\$174,270</u> | <u>\$102,438</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<br/>Dates</u> | <u>Interest<br/>Rates</u> | <u>Dates of<br/>Maturity</u> | <u>Balance<br/>6/30/17</u> |
|--------------------------------|------------------------|---------------------------|------------------------------|----------------------------|
| 2017 G.O. Refunding Bonds      | 03/01/17               | 3.25-3.75%                | 09/01/2037                   | \$ 9,905,000               |
| 2017 G.O. School Building Bond | 05/30/17               | 2.0-3.0%                  | 03/01/2030                   | <u>12,010,000</u>          |
| Total General Obligation Debt* |                        |                           |                              | <u>\$21,915,000</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, 2017 is:

|   |                      |
|---|----------------------|
| Equalized value certified by Wisconsin Department of Revenue for 2016 | \$1,117,189,905      |
| Margin of indebtedness at 10%   | \$111,718,991        |
| *Deduct long-term debt applicable to debt margin                      | <u>(21,915,000)</u>  |
| Margin of Indebtedness  | <u>\$ 89,803,991</u> |

Aggregate cash flow requirements for retirement of long-term principal and interest on bonds as of June 30, 2017 are as follows:

| <u>Governmental Activities<br/>Year Ended June 30,</u> | <u>Principal</u>    | <u>Interest</u>    | <u>Total</u>        |
|--|---------------------|--------------------|---------------------|
| 2018   | \$ 920,000          | \$ 593,231         | \$ 1,513,231        |
| 2019   | 1,035,000           | 656,538            | 1,691,538           |
| 2020   | 1,025,000           | 635,838            | 1,660,838           |
| 2021   | 1,075,000           | 615,338            | 1,690,338           |
| 2022   | 1,115,000           | 583,088            | 1,698,088           |
| 2023 - 2037  | <u>16,745,000</u>   | <u>5,034,813</u>   | <u>21,779,813</u>   |
| Totals   | <u>\$21,915,000</u> | <u>\$8,118,843</u> | <u>\$30,033,843</u> |

**LODI SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 6 INTERFUND ACTIVITY**

Interfund balances at June 30, 2017 were as follows:

| <u>Due From</u>       | <u>Due To</u>         |          |
|-----------------------|-----------------------|----------|
| General Fund          | Private Purpose Trust | \$ 90    |
| Pupil Activity Fund   | General Fund          | \$ 390   |
| Capital Projects Fund | General Fund          | \$ 2,000 |
| Private Purpose Trust | General Fund          | \$11,380 |

Interfund transfers at June 30, 2017 were as follows:

| <u>Transfer To</u>       | <u>Transfer From</u> |          |
|--------------------------|----------------------|----------|
| Package-Cooperative Fund | General Fund         | \$10,780 |

**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.

**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.

**LODI SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7     EMPLOYEE RETIREMENT PLANS (CONTINUED)**

*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.

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:

|             | Core Fund         | Variable Fund     |
|-------------|-------------------|-------------------|
| <u>Year</u> | <u>Adjustment</u> | <u>Adjustment</u> |
| 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                 |
| 2016        | 0.5               | (5)               |

*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. Starting on January 1, 2016 the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the

**LODI SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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 \$661,575 in contributions from the employer.

Contribution rates as of June 30, 2017 are:

| <u>Employee Category</u>  | <u>Employee</u> | <u>Employer</u> |
|---|-----------------|-----------------|
| General (including teachers, executives, and elected officials) | 6.6%            | 6.6%            |
| Protective with Social Security                                 | 6.6%            | 9.4%            |
| Protective without Social Security                              | 6.6%            | 13.2%           |

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

At June 30, 2017, the Lodi School District reported a liability (asset) of \$539,770 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the Lodi School District's proportion was .06548712%, which was an increase of .00113296% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2017, the Lodi School District recognized pension expense of \$1,379,078.

At June 30, 2017, the Lodi School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 205,814                                | \$(1,697,531)                            |
| Net differences between projected and actual earnings on pension plan investments                             | 3,219,005                                 | (532,200)                                |
| Changes in assumptions  | 564,351                                   | 0  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 26,254                                    | (12,933)                                 |
| Employer contributions subsequent to the measurement date   | 379,232                                   | 0  |
| Total   | <u>\$4,394,656</u>                        | <u>\$(2,242,664)</u>                     |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

\$379,232 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, 2017. 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> | <u>Deferred Outflow<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|----------------------------|--|--|
| 2017                       | \$1,399,574                              | \$(678,206)                              |
| 2018                       | \$1,399,574                              | \$(678,206)                              |
| 2019                       | \$1,171,077                              | \$(678,206)                              |
| 2020                       | \$ 44,260                                | \$(207,892)                              |
| Thereafter                 | \$ 938                                   | \$ (154)                                 |

*Actuarial assumptions.* The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |                                |
|---|--------------------------------|
| Actuarial Valuation Date:                         | December 31, 2015              |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2016              |
| 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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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:



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

*Retirement Funds*

*Asset Allocation Targets and Expected Returns*

As of December 31, 2016

|                                      | Asset<br>Allocation<br>% | Destination<br>Target Asset<br>Allocation % | Long-Term<br>Expected Nominal<br>Rate of Return % | Long-Term<br>Expected Real<br>Rate of Return % |
|--------------------------------------|--------------------------|---|---|--|
| <u>Core Fund Asset Class</u>         |                          |   |   |  |
| Global Equities                      | 50%                      | 45%   | 8.3%  | 5.4%   |
| Fixed Income                         | 24.5                     | 37  | 4.2   | 1.4  |
| Inflation Sensitive Assets           | 15.5                     | 20  | 4.3   | 1.5  |
| Real Estate                          | 8                        | 7   | 6.5   | 3.6  |
| Private Equity/Debt                  | 8                        | 7   | 9.4   | 6.5  |
| Multi-Asset                          | <u>4</u>                 | <u>4</u>                                    | <u>6.6</u>  | <u>3.7</u>                                     |
| Total Core Fund                      | <u>110%</u>              | <u>120%</u>                                 | <u>7.4%</u>                                       | <u>4.5%</u>                                    |
| <br><u>Variable Fund Asset Class</u> |                          |   |   |  |
| US Equities                          | 70%                      | 70%   | 7.6%  | 4.7%   |
| International Equities               | <u>30</u>                | <u>30</u>                                   | <u>8.5</u>  | <u>5.6</u>                                     |
| 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 3.78%. 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:

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

|   | 1% Decrease<br>to Discount<br>Rate (6.20%) | Current<br>Discount Rate<br>(7.20%) | 1% Increase to<br>Discount Rate<br>(8.20%) |
|---|--|-------------------------------------|--|
| Lodi School District's<br>proportionate share of the net<br>pension liability (asset) | \$7,101,023                                | \$539,770                           | \$(4,512,692)                              |

*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>.

**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, 2017 of \$244,819.

*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.

**LODI SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

|  | <u>OPEB</u>        | <u>Stipend</u>   | <u>Total</u>       |
|--|--------------------|------------------|--------------------|
| Annual required contribution                 | \$ 81,786          | \$129,116        | \$ 210,902         |
| Interest on net OPEB                         | 76,579             | 30,722           | 107,301            |
| Adjustments to annual required contributions | <u>(119,805)</u>   | <u>(44,422)</u>  | <u>(164,227)</u>   |
| Annual OPEB cost (expense)                   | 38,560             | 115,416          | 153,976            |
| Contributions made on behalf of retirees     | <u>(244,819)</u>   | <u>0</u>         | <u>(244,819)</u>   |
| Change in net OPEB obligation                | (206,259)          | 115,416          | (90,843)           |
| OPEB obligation at beginning of year         | <u>1,914,484</u>   | <u>768,059</u>   | <u>2,682,543</u>   |
| OPEB Obligation at End of Year               | <u>\$1,708,225</u> | <u>\$883,475</u> | <u>\$2,591,700</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, 2017 and three prior years were as follows:

| <u>Fiscal<br/>Year Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|------------------------------|-----------------------------|---|--------------------------------|
| 6/30/2017                    | \$ 38,560                   | 634.9%  | \$1,708,225                    |
| 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, 2017 and three prior years were as follows:

| <u>Fiscal<br/>Year Ended</u> | <u>Annual<br/>Supplemental<br/>Pension Cost</u> | <u>Percentage of Annual<br/>Supplemental Pension<br/>Costs Contributed</u> | <u>Net Supplemental<br/>Pension<br/>Obligation</u> |
|------------------------------|---|--|--|
| 6/30/2017                    | \$115,416                                       | 0%   | \$883,475  |
| 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, 2017, the District's unfunded actuarial accrued liability (UAAL) was \$982,239 for the OPEB and \$985,073 for the Stipend. The annual payroll for active employees covered by the plan for the June 30, 2017 fiscal year was \$7,287,581 for a ratio of the UAAL to covered payroll of 13.5% and 13.5%, respectively.

**LODI SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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.

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, 2017 was 23 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.

**LODI SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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:

|                                    | Governmental Activities |                   |                       |                        | Business-Type Activities |
|------------------------------------|-------------------------|-------------------|-----------------------|------------------------|--------------------------|
|                                    | General Fund            | Debt Service Fund | Capital Projects Fund | Other Government Funds | Food Service Fund        |
| Restricted for:                    |                         |                   |                       |                        |                          |
| Debt service fund                  | \$ 0                    | \$311,894         | \$ 0                  | \$ 0                   | \$ 0                     |
| Capital projects fund              |                         |                   | 20,036,722            |                        |                          |
| Long-term capital improvement fund |                         |                   |                       | 1,022                  |                          |
| Capital expansion fund             |                         |                   |                       | 538,517                |                          |
| Community service fund             |                         |                   |                       | 120,990                |                          |
| Special revenue trust fund         |                         |                   |                       | 241,109                |                          |
| Food service program               |                         |                   |                       |                        | 225,580                  |
| Pension related items              |                         |                   |                       |                        | 29,131                   |
| Unassigned                         | 5,567,706               |                   |                       |                        |                          |
| Total fund balances                | <u>\$5,567,706</u>      | <u>\$311,894</u>  | <u>\$20,036,722</u>   | <u>\$901,638</u>       | <u>\$ 254,711</u>        |

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

|                               |                    |
|-------------------------------|--------------------|
| Governmental activities:      |                    |
| Debt service                  | \$ 311,894         |
| Capital project               | 44,427             |
| Long-term capital improvement | 1,022              |
| Capital expansion             | 538,517            |
| Community service             | 120,990            |
| Special revenue               | 241,109            |
| Pension related items         | 1,583,091          |
| Total                         | <u>\$2,841,050</u> |
| Business-type activities:     |                    |
| Food service operations       | \$ 225,580         |
| Pension related items         | 29,131             |
| Total                         | <u>\$ 254,711</u>  |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**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, 2017:

|                          |   |
|--------------------------|---|
|                          | Governmental<br>Activities<br><u>(Expenditures)</u> |
| General Fund             | \$69,928  |
| Debt Service Fund        | \$422,215   |
| Capital Projects Fund    | \$ 1,334,605  |
| Package-Cooperative Fund | \$4,125   |

**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 November 27, 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, 2017

|  | Original Budgeted Amounts |                 |                       | Final Budgeted Amounts |                 |                       | Actual Amounts       |                 |                       | Variance With<br>Final Budget<br>Favorable/<br>(Unfavorable) |
|--|---------------------------|-----------------|-----------------------|------------------------|-----------------|-----------------------|----------------------|-----------------|-----------------------|--|
|  | Special<br>Education      | General<br>Fund | Total<br>General Fund | Special<br>Education   | General<br>Fund | Total<br>General Fund | Special<br>Education | General<br>Fund | Total<br>General Fund |  |
| <b>REVENUES</b>                          |                           |                 |                       |                        |                 |                       |                      |                 |                       |  |
| Property taxes                           | \$ 0                      | \$ 10,795,178   | \$ 10,795,178         | \$ 0                   | \$ 10,795,178   | \$ 10,795,178         | \$ 0                 | \$ 10,800,921   | \$ 10,800,921         | \$ 5,743   |
| Other local sources                      |                           | 255,000         | 255,000               | 3,947                  | 266,408         | 270,355               | 5,737                | 279,179         | 284,916               | 14,561   |
| Interdistrict sources                    | 56,100                    | 490,000         | 546,100               | 47,212                 | 490,000         | 537,212               | 24,236               | 458,243         | 482,479               | (54,733)   |
| Intermediate sources                     |                           | 15,000          | 15,000                |                        | 15,800          | 15,800                | 22,975               | 6,172           | 29,147                | 13,347   |
| State sources                            | 768,300                   | 5,817,374       | 6,585,674             | 761,530                | 5,813,854       | 6,575,384             | 791,760              | 5,845,094       | 6,636,854             | 61,470   |
| Federal sources                          | 362,050                   | 251,686         | 613,736               | 419,833                | 251,686         | 671,519               | 383,864              | 142,981         | 526,845               | (144,674)  |
| Other sources                            |                           | 50,000          | 50,000                |                        | 82,779          | 82,779                |                      | 187,424         | 187,424               | 104,645  |
| Total Revenues                           | 1,186,450                 | 17,674,238      | 18,860,688            | 1,232,522              | 17,715,705      | 18,948,227            | 1,228,572            | 17,720,014      | 18,948,586            | 359  |
| <b>EXPENDITURES</b>                      |                           |                 |                       |                        |                 |                       |                      |                 |                       |  |
| Instruction                              |                           |                 |                       |                        |                 |                       |                      |                 |                       |  |
| Regular instruction                      |                           | 7,889,743       | 7,889,743             |                        | 7,851,375       | 7,851,375             |                      | 7,851,097       | 7,851,097             | 278  |
| Vocational instruction                   |                           | 618,348         | 618,348               |                        | 567,307         | 567,307               |                      | 567,307         | 567,307               |  |
| Special instruction                      | 2,475,386                 | 150             | 2,475,536             | 2,645,309              | 1,121           | 2,646,430             | 2,644,358            | 1,120           | 2,645,478             | 952  |
| Other instruction                        |                           | 1,080,353       | 1,080,353             |                        | 1,005,051       | 1,005,051             |                      | 998,374         | 998,374               | 6,677  |
| Total Instruction                        | 2,475,386                 | 9,588,594       | 12,063,980            | 2,645,309              | 9,424,854       | 12,070,163            | 2,644,358            | 9,417,898       | 12,062,256            | 7,907  |
| Support Services                         |                           |                 |                       |                        |                 |                       |                      |                 |                       |  |
| Pupil services                           | 353,754                   | 336,799         | 690,553               | 311,247                | 383,220         | 694,467               | 311,246              | 383,209         | 694,455               | 12   |
| Instructional staff services             | 149,296                   | 457,192         | 606,488               | 145,032                | 458,175         | 603,207               | 145,032              | 458,959         | 603,991               | (784)  |
| General administration services          |                           | 303,563         | 303,563               |                        | 322,005         | 322,005               |                      | 322,004         | 322,004               | 1  |
| Building administration services         |                           | 1,127,536       | 1,127,536             |                        | 1,085,215       | 1,085,215             |                      | 1,085,214       | 1,085,214             | 1  |
| Business services                        |                           | 393,013         | 393,013               |                        | 391,413         | 391,413               |                      | 418,147         | 418,147               | (26,734)   |
| Operations and maintenance               |                           | 2,202,933       | 2,202,933             | 17,750                 | 2,376,428       | 2,394,178             | 10,905               | 2,433,639       | 2,444,544             | (50,366)   |
| Pupil transportation                     | 245,000                   | 564,500         | 809,500               | 336,902                | 743,000         | 1,079,902             | 340,751              | 715,497         | 1,056,248             | 23,654   |
| Central services                         |                           | 494,285         | 494,285               |                        | 581,338         | 581,338               |                      | 581,337         | 581,337               | 1  |
| Insurance                                |                           | 170,437         | 170,437               |                        | 176,555         | 176,555               |                      | 175,969         | 175,969               | 586  |
| Other support services                   | 10,000                    | 346,860         | 356,860               | 16,833                 | 296,741         | 313,574               | 16,832               | 320,948         | 337,780               | (24,206)   |
| Total Support Services                   | 758,050                   | 6,397,118       | 7,155,168             | 827,764                | 6,814,090       | 7,641,854             | 824,766              | 6,894,923       | 7,719,689             | (77,835)   |
| Total Expenditures                       | 3,233,436                 | 15,985,712      | 19,219,148            | 3,473,073              | 16,238,944      | 19,712,017            | 3,469,124            | 16,312,821      | 19,781,945            | (69,928)   |
| Excess of Revenues Over Expenditures     | (2,046,986)               | 1,688,526       | (358,460)             | (2,240,551)            | 1,476,761       | (763,790)             | (2,240,552)          | 1,407,193       | (833,359)             | (69,569)   |
| <b>OTHER FINANCING SOURCES (USES)</b>    |                           |                 |                       |                        |                 |                       |                      |                 |                       |  |
| Transfer from (to) other funds           | 2,046,986                 | (2,078,986)     | (32,000)              | 2,240,551              | (2,251,064)     | (10,513)              | 2,240,552            | (2,251,332)     | (10,780)              | (267)  |
| Net Other Financing Sources (Uses)       | 2,046,986                 | (2,078,986)     | (32,000)              | 2,240,551              | (2,251,064)     | (10,513)              | 2,240,552            | (2,251,332)     | (10,780)              | (267)  |
| <b>Net Change in Fund Balances</b>       | 0                         | (390,460)       | (390,460)             | 0                      | (774,303)       | (774,303)             | 0                    | (844,139)       | (844,139)             | (69,836)   |
| <b>FUND BALANCES - Beginning of Year</b> | 0                         | 5,567,706       | 5,567,706             | 0                      | 5,567,706       | 5,567,706             | 0                    | 5,567,706       | 5,567,706             | 0  |
| <b>FUND BALANCES - END OF YEAR</b>       | \$ 0                      | \$ 5,177,246    | \$ 5,177,246          | \$ 0                   | \$ 4,793,403    | \$ 4,793,403          | \$ 0                 | \$ 4,723,567    | \$ 4,723,567          | \$ (69,836)  |



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

BUDGETARY COMPARISON SCHEDULE FOR THE DEBT SERVICE FUND  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2017

|  | Budgeted Amounts   |                     |                     | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|--------------------|---------------------|---------------------|---|
|  | Original<br>Budget | Final<br>Budget     | Actual              |   |
| <b>REVENUES</b>                                      |                    |                     |                     |   |
| Property taxes                                       | \$ 1,913,750       | \$ 1,913,750        | \$ 1,913,750        | \$ 0  |
| Other local sources                                  | 100                | 2,198               | 2,260               | 62  |
| Total Revenues                                       | <u>1,913,850</u>   | <u>1,915,948</u>    | <u>1,916,010</u>    | <u>62</u>   |
| <b>EXPENDITURES</b>                                  |                    |                     |                     |   |
| Support Services                                     |                    |                     |                     |   |
| Debt service   |                    |                     |                     |   |
| Principal  | 2,000,000          | 12,108,876          | 11,990,000          | 118,876   |
| Interest and other fiscal charges                    | 40,000             |                     | 541,091             | (541,091)   |
| Total Expenditures                                   | <u>2,040,000</u>   | <u>12,108,876</u>   | <u>12,531,091</u>   | <u>(422,215)</u>  |
| Excess (Deficiency) of Revenues Over<br>Expenditures | <u>(126,150)</u>   | <u>(10,192,928)</u> | <u>(10,615,081)</u> | <u>(422,153)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                     |                     |   |
| Bond proceeds  |                    | 10,069,997          | 9,905,000           | (164,997)   |
| Bond premium   |                    |                     | 894,825             | 894,825   |
| Total other financing sources                        | <u>0</u>           | <u>10,069,997</u>   | <u>10,799,825</u>   | <u>729,828</u>  |
| <b>Net Change in Fund Balance</b>                    | <u>(126,150)</u>   | <u>(122,931)</u>    | <u>184,744</u>      | <u>307,675</u>  |
| <b>FUND BALANCE - Beginning of Year</b>              | <u>127,150</u>     | <u>127,150</u>      | <u>127,150</u>      | <u>0</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                    | <u>\$ 1,000</u>    | <u>\$ 4,219</u>     | <u>\$ 311,894</u>   | <u>\$ 307,675</u>   |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**BUDGETARY COMPARISON SCHEDULE FOR THE CAPITAL PROJECTS FUND  
BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

|  | <u>Budgeted Amounts</u>    |                         |                      | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|----------------------------|-------------------------|----------------------|---|
|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        |   |
| <b>REVENUES</b>                                      |                            |                         |                      |   |
| Other local sources                                  | \$ 0                       | \$ 21,700               | \$ 44,427            | \$ 22,727   |
| Total Revenues                                       | <u>0</u>                   | <u>21,700</u>           | <u>44,427</u>        | <u>22,727</u>   |
| <b>EXPENDITURES</b>                                  |                            |                         |                      |   |
| Support Services                                     |                            |                         |                      |   |
| Operations and maintenance                           |                            | 673,100                 | 2,007,705            | (1,334,605)   |
| Total Expenditures                                   | <u>0</u>                   | <u>673,100</u>          | <u>2,007,705</u>     | <u>(1,334,605)</u>  |
| Excess (Deficiency) of Revenues Over<br>Expenditures | <u>0</u>                   | <u>(651,400)</u>        | <u>(1,963,278)</u>   | <u>(1,311,878)</u>  |
| <b>Other Financing Sources</b>                       |                            |                         |                      |   |
| Note proceeds  |                            | 9,990,000               | 9,990,000            |   |
| Bond proceeds  |                            |                         | 12,010,000           | 12,010,000  |
| Total other financing sources                        | <u>0</u>                   | <u>9,990,000</u>        | <u>22,000,000</u>    | <u>12,010,000</u>   |
| <b>Net Change in Fund Balance</b>                    | <u>0</u>                   | <u>9,338,600</u>        | <u>20,036,722</u>    | <u>10,698,122</u>   |
| <b>FUND BALANCE - Beginning of Year</b>              | <u>0</u>                   | <u>0</u>                | <u>0</u>             | <u>0</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                    | <u>\$ 0</u>                | <u>\$ 9,338,600</u>     | <u>\$ 20,036,722</u> | <u>\$ 10,698,122</u>  |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL  
FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017**

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

Wisconsin Retirement System  
Last 10 Fiscal Years\*

|  | 2017         | 2016         | 2015          |
|--|--------------|--------------|---------------|
| Lodi School District's proportion of the net pension liability (asset)             | .06548712%   | .06435416%   | .06507658%    |
| Lodi School District's proportionate share of the net pension liability (asset)    | \$ 539,770   | \$ 1,045,743 | \$(1,598,459) |
| Lodi School District's covered-employee payroll                                    | \$ 9,741,552 | \$ 9,268,257 | \$ 8,929,532  |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 99.12%       | 98.2%        | 102.74%       |

\*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\*

|   | 2017         | 2016         | 2015         |
|---|--------------|--------------|--------------|
| Contractually required contributions                              | \$ 642,944   | \$ 630,241   | \$ 625,877   |
| Contributions in relation to contractually required contributions | \$ (642,944) | \$ (630,241) | \$ (625,877) |
| Contribution deficiency (excess)                                  | \$ 0         | \$ 0         | \$ 0         |
| Lodi School District's covered-employee payroll                   | \$ 9,741,552 | \$9,268,257  | \$8,929,532  |
| Contributions as a percentage of covered-employee payroll         | 6.6%         | 6.8%         | 7.01%        |

\*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, 2017**

*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, 2017**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|---|--------------------------|--------------------------|---------------------------|---|
| <b>OPEB</b>                    |  |   |                          |                          |                           |   |
| 6/30/2017                      | \$ 0                                   | \$ 982,239  | \$ 982,239               | 0.0%                     | \$ 7,287,581              | 13.5%   |
| 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>                 |  |   |                          |                          |                           |   |
| 6/30/2017                      | \$ 0                                   | \$ 985,073  | \$ 985,073               | 0.0%                     | \$ 7,287,581              | 13.5%   |
| 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, 2017 AND 2016

|  | 2017                 |                     |                       | 2016                 |                     |                       |
|--|----------------------|---------------------|-----------------------|----------------------|---------------------|-----------------------|
|  | Special<br>Education | General<br>Fund     | Total<br>General Fund | Special<br>Education | General<br>Fund     | Total<br>General Fund |
| <b>ASSETS</b>                              |                      |                     |                       |                      |                     |                       |
| Cash and investments                       | \$ 0                 | \$ 1,339,734        | \$ 1,339,734          | \$ 0                 | \$ 2,008,441        | \$ 2,008,441          |
| Receivables                                |                      |                     |                       |                      |                     |                       |
| Accounts                                   | 8,061                | 53,454              | 61,515                |                      | 1,984               | 1,984                 |
| Taxes                                      |                      | 3,581,721           | 3,581,721             |                      | 3,673,882           | 3,673,882             |
| Due (to) from other funds                  | (276,244)            | 290,014             | 13,770                | (97,739)             | 97,739              |                       |
| Due from other governments                 | 286,215              | 260,298             | 546,513               | 188,787              | 604,004             | 792,791               |
| Prepaid expense                            |                      | 55,223              | 55,223                |                      |                     |                       |
| <b>TOTAL ASSETS</b>                        | <u>\$ 18,032</u>     | <u>\$ 5,580,444</u> | <u>\$ 5,598,476</u>   | <u>\$ 91,048</u>     | <u>\$ 6,386,050</u> | <u>\$ 6,477,098</u>   |
| <b>LIABILITIES AND FUND BALANCES</b>       |                      |                     |                       |                      |                     |                       |
| Liabilities                                |                      |                     |                       |                      |                     |                       |
| Accounts payable                           | \$ 6,273             | \$ 7,376            | \$ 13,649             | \$ 0                 | \$ 0                | \$ 0                  |
| Accrued payroll and related items          | 11,759               | 826,031             | 837,790               | 28,148               | 811,705             | 839,853               |
| Due to other funds                         |                      | 90                  | 90                    |                      |                     |                       |
| Due to other governments                   |                      |                     |                       | 62,900               | 6,639               | 69,539                |
| Other deferred revenue                     |                      | 23,380              | 23,380                |                      |                     |                       |
| Total Liabilities                          | <u>18,032</u>        | <u>856,877</u>      | <u>874,909</u>        | <u>91,048</u>        | <u>818,344</u>      | <u>909,392</u>        |
| Fund Balances                              |                      |                     |                       |                      |                     |                       |
| Nonspendable                               |                      | 55,223              | 55,223                |                      |                     |                       |
| Unassigned                                 |                      | 4,668,344           | 4,668,344             |                      | 5,567,706           | 5,567,706             |
| Total Fund Balances                        | <u>0</u>             | <u>4,723,567</u>    | <u>4,723,567</u>      | <u>0</u>             | <u>5,567,706</u>    | <u>5,567,706</u>      |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 18,032</u>     | <u>\$ 5,580,444</u> | <u>\$ 5,598,476</u>   | <u>\$ 91,048</u>     | <u>\$ 6,386,050</u> | <u>\$ 6,477,098</u>   |

**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, 2017 AND 2016**

|   | 2017                 |                 |                       |                      |                 |                       |  | 2016                 |                 |                       |                      |                 |                       |  |
|---|----------------------|-----------------|-----------------------|----------------------|-----------------|-----------------------|--|----------------------|-----------------|-----------------------|----------------------|-----------------|-----------------------|--|
|   | Final Budget         |                 |                       | Actual               |                 |                       | Variance<br>Favorable<br>(Unfavorable) | Final Budget         |                 |                       | Actual               |                 |                       | Variance<br>Favorable<br>(Unfavorable) |
|   | Special<br>Education | General<br>Fund | Total<br>General Fund | Special<br>Education | General<br>Fund | Total<br>General Fund |  | Special<br>Education | General<br>Fund | Total<br>General Fund | Special<br>Education | General<br>Fund | Total<br>General Fund |  |
| <b>REVENUES</b>                                   |                      |                 |                       |                      |                 |                       |  |                      |                 |                       |                      |                 |                       |  |
| Property taxes                                    | \$ 0                 | \$ 10,795,178   | \$ 10,795,178         | \$ 0                 | \$ 10,800,921   | \$ 10,800,921         | \$ 5,743                               | \$ 0                 | \$ 10,349,396   | \$ 10,349,396         | \$ 0                 | \$ 10,349,242   | \$ 10,349,242         | \$ (154)                               |
| Other local sources                               | 3,947                | 266,408         | 270,355               | 5,737                | 279,179         | 284,916               | 14,561                                 |                      | 205,818         | 205,818               |                      | 275,203         | 275,203               | 69,385                                 |
| Interdistrict sources                             | 47,212               | 490,000         | 537,212               | 24,236               | 458,243         | 482,479               | (54,733)                               | 52,827               | 351,867         | 404,694               | 33,164               | 373,225         | 406,389               | 1,695                                  |
| Intermediate sources                              |                      | 15,800          | 15,800                | 22,975               | 6,172           | 29,147                | 13,347                                 | 65,200               | 7,200           | 72,400                | 22,414               | 14,998          | 37,412                | (34,988)                               |
| State sources                                     | 761,530              | 5,813,854       | 6,575,384             | 791,760              | 5,845,094       | 6,636,854             | 61,470                                 | 647,561              | 6,057,532       | 6,705,093             | 685,682              | 6,074,490       | 6,760,172             | 55,079                                 |
| Federal sources                                   | 419,833              | 251,686         | 671,519               | 383,864              | 142,981         | 526,845               | (144,674)                              | 330,322              | 364,428         | 694,750               | 313,112              | 294,278         | 607,390               | (87,360)                               |
| Other sources                                     |                      | 82,779          | 82,779                |                      | 187,424         | 187,424               | 104,645                                | (3,099)              | 51,142          | 48,043                | 790                  | 59,346          | 60,136                | 12,093                                 |
| Total Revenues                                    | 1,232,522            | 17,715,705      | 18,948,227            | 1,228,572            | 17,720,014      | 18,948,586            | 359                                    | 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                               |                      | 7,851,375       | 7,851,375             |                      | 7,851,097       | 7,851,097             | 278                                    |                      | 7,554,755       | 7,554,755             |                      | 7,611,164       | 7,611,164             | (56,409)                               |
| Vocational instruction                            |                      | 567,307         | 567,307               |                      | 567,307         | 567,307               |  |                      | 602,128         | 602,128               |                      | 569,125         | 569,125               | 33,003                                 |
| Special instruction                               | 2,645,309            | 1,121           | 2,646,430             | 2,644,358            | 1,120           | 2,645,478             | 952                                    | 2,240,849            | 150             | 2,240,999             | 2,535,713            | 1,163           | 2,536,876             | (295,877)                              |
| Other instruction                                 |                      | 1,005,051       | 1,005,051             |                      | 998,374         | 998,374               | 6,677                                  |                      | 1,033,856       | 1,033,856             |                      | 1,097,850       | 1,097,850             | (63,994)                               |
| Total Instruction                                 | 2,645,309            | 9,424,854       | 12,070,163            | 2,644,358            | 9,417,898       | 12,062,256            | 7,907                                  | 2,240,849            | 9,190,889       | 11,431,738            | 2,535,713            | 9,279,302       | 11,815,015            | (383,277)                              |
| Support Services                                  |                      |                 |                       |                      |                 |                       |  |                      |                 |                       |                      |                 |                       |  |
| Pupil services                                    | 311,247              | 383,220         | 694,467               | 311,246              | 383,209         | 694,455               | 12                                     | 346,749              | 331,460         | 678,209               | 350,042              | 351,221         | 701,263               | (23,054)                               |
| Instructional staff services                      | 145,032              | 458,175         | 603,207               | 145,032              | 458,959         | 603,991               | (784)                                  | 201,960              | 471,137         | 673,097               | 145,299              | 482,484         | 627,783               | 45,314                                 |
| General administration services                   |                      | 322,005         | 322,005               |                      | 322,004         | 322,004               | 1                                      |                      | 300,088         | 300,088               |                      | 340,412         | 340,412               | (40,324)                               |
| Building administration services                  |                      | 1,085,215       | 1,085,215             |                      | 1,085,214       | 1,085,214             | 1                                      |                      | 1,105,003       | 1,105,003             |                      | 1,080,072       | 1,080,072             | 24,931                                 |
| Business services                                 |                      | 391,413         | 391,413               |                      | 418,147         | 418,147               | (26,734)                               |                      | 414,674         | 414,674               |                      | 413,351         | 413,351               | 1,323                                  |
| Operations and maintenance                        | 17,750               | 2,376,428       | 2,394,178             | 10,905               | 2,433,639       | 2,444,544             | (50,366)                               |                      | 2,114,264       | 2,114,264             |                      | 2,155,417       | 2,155,417             | (41,153)                               |
| Pupil transportation                              | 336,902              | 743,000         | 1,079,902             | 340,751              | 715,497         | 1,056,248             | 23,654                                 | 245,621              | 554,206         | 799,827               | 298,208              | 547,489         | 845,697               | (45,870)                               |
| Central services                                  |                      | 581,338         | 581,338               |                      | 581,337         | 581,337               | 1                                      |                      | 481,781         | 481,781               | 200                  | 423,962         | 424,162               | 57,619                                 |
| Insurance   |                      | 176,555         | 176,555               |                      | 175,969         | 175,969               | 586                                    |                      | 175,611         | 175,611               |                      | 172,529         | 172,529               | 3,082                                  |
| Other support services                            | 16,833               | 296,741         | 313,574               | 16,832               | 320,948         | 337,780               | (24,206)                               | 10,780               | 365,198         | 375,978               | 9,146                | 287,826         | 296,972               | 79,006                                 |
| Total Support Services                            | 827,764              | 6,814,090       | 7,641,854             | 824,766              | 6,894,923       | 7,719,689             | (77,835)                               | 805,110              | 6,313,422       | 7,118,532             | 802,895              | 6,254,763       | 7,057,658             | 60,874                                 |
| Total Expenditures                                | 3,473,073            | 16,238,944      | 19,712,017            | 3,469,124            | 16,312,821      | 19,781,945            | (69,928)                               | 3,045,959            | 15,504,311      | 18,550,270            | 3,338,608            | 15,534,065      | 18,872,673            | (322,403)                              |
| Excess (Deficiency) of Revenues Over Expenditures | (2,240,551)          | 1,476,761       | (763,790)             | (2,240,552)          | 1,407,193       | (833,359)             | (69,569)                               | (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                    | 2,240,551            | (2,251,064)     | (10,513)              | 2,240,552            | (2,251,332)     | (10,780)              | (267)                                  | 1,953,148            | (1,973,148)     | (20,000)              | 2,283,446            | (2,297,775)     | (14,329)              | 5,671                                  |
| Net Other Financing Sources (Uses)                | 2,240,551            | (2,251,064)     | (10,513)              | 2,240,552            | (2,251,332)     | (10,780)              | (267)                                  | 1,953,148            | (1,973,148)     | (20,000)              | 2,283,446            | (2,297,775)     | (14,329)              | 5,671                                  |
| <b>Net Change in Fund Balance</b>                 | 0                    | (774,303)       | (774,303)             | 0                    | (844,139)       | (844,139)             | (69,836)                               | 0                    | (90,076)        | (90,076)              | 0                    | (391,058)       | (391,058)             | (300,982)                              |
| <b>FUND BALANCE - Beginning of Year</b>           | 0                    | 5,567,706       | 5,567,706             | 0                    | 5,567,706       | 5,567,706             | 0                                      | 0                    | 5,958,764       | 5,958,764             | 0                    | 5,958,764       | 5,958,764             | 0                                      |
| <b>FUND BALANCE - END OF YEAR</b>                 | \$ 0                 | \$ 4,793,403    | \$ 4,793,403          | \$ 0                 | \$ 4,723,567    | \$ 4,723,567          | \$ (69,836)                            | \$ 0                 | \$ 5,868,688    | \$ 5,868,688          | \$ 0                 | \$ 5,567,706    | \$ 5,567,706          | \$ (300,982)                           |



COMPARATIVE BALANCE SHEETS  
DEBT SERVICE FUND  
JUNE 30, 2017 AND 2016

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**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, 2017 AND 2016**

|  | 2017                |                     |  | 2016              |                   |  |
|--|---------------------|---------------------|--|-------------------|-------------------|--|
|  | Final<br>Budget     | Actual              | Variance<br>Favorable<br>(Unfavorable) | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>  |                     |                     |  |                   |                   |  |
| Property taxes   | \$ 1,913,750        | \$ 1,913,750        | \$ 0                                   | \$ 1,979,438      | \$ 1,979,438      | \$ 0                                   |
| Other local sources  | 2,198               | 2,260               | 62                                     | 3                 | 163               | 160                                    |
| Total Revenues   | <u>1,915,948</u>    | <u>1,916,010</u>    | <u>62</u>                              | <u>1,979,441</u>  | <u>1,979,601</u>  | <u>160</u>                             |
| <b>EXPENDITURES</b>  |                     |                     |  |                   |                   |  |
| Support Services   |                     |                     |  |                   |                   |  |
| Debt service   |                     |                     |  |                   |                   |  |
| Principal  | 12,108,876          | 11,990,000          | 118,876                                | 1,925,000         | 1,925,000         |  |
| Interest and other charges                                   |                     | 541,091             | (541,091)                              | 68,875            | 68,875            |  |
| Total Expenditures   | <u>12,108,876</u>   | <u>12,531,091</u>   | <u>(422,215)</u>                       | <u>1,993,875</u>  | <u>1,993,875</u>  | <u>0</u>                               |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(10,192,928)</u> | <u>(10,615,081)</u> | <u>(422,153)</u>                       | <u>(14,434)</u>   | <u>(14,274)</u>   | <u>0</u>                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                     |  |                   |                   |  |
| Bond proceeds  | 10,069,997          | 9,905,000           | (164,997)                              |                   |                   |  |
| Bond premium   |                     | 894,825             | 894,825                                |                   |                   |  |
| Total other financing sources                                | <u>10,069,997</u>   | <u>10,799,825</u>   | <u>729,828</u>                         | <u>0</u>          | <u>0</u>          | <u>0</u>                               |
| <b>Net Change in Fund Balance</b>                            | <u>(122,931)</u>    | <u>184,744</u>      | <u>307,675</u>                         | <u>(14,434)</u>   | <u>(14,274)</u>   | <u>160</u>                             |
| <b>FUND BALANCE - Beginning of Year</b>                      | <u>127,150</u>      | <u>127,150</u>      | <u>0</u>                               | <u>141,424</u>    | <u>141,424</u>    | <u>0</u>                               |
| <b>FUND BALANCE - END OF YEAR</b>                            | <u>\$ 4,219</u>     | <u>\$ 311,894</u>   | <u>\$ 307,675</u>                      | <u>\$ 126,990</u> | <u>\$ 127,150</u> | <u>\$ 160</u>                          |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
CAPITAL PROJECTS FUND  
JUNE 30, 2017 AND 2016

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|  | <u>2017</u>              | <u>2016</u>     |
|--|--------------------------|-----------------|
| <b>ASSETS</b>                                  |                          |                 |
| Cash and investments                           | \$ 20,067,932            | \$ 0            |
| <b>TOTAL ASSETS</b>                            | <u>\$ 20,067,932</u>     | <u>\$ 0</u>     |
| <br><b>LIABILITIES AND FUND BALANCES</b>       |                          |                 |
| Liabilities                                    |                          |                 |
| Accounts payable                               | \$ 29,210                | \$ 0            |
| Due to other funds                             | 2,000                    |                 |
| Total Liabilities                              | <u>31,210</u>            | <u>0</u>        |
| Fund Balances                                  |                          |                 |
| Restricted for capital projects                | 20,036,722               |                 |
| Total Fund Balances                            | <u>20,036,722</u>        | <u>0</u>        |
| <br><b>TOTAL LIABILITIES AND FUND BALANCES</b> | <br><u>\$ 20,067,932</u> | <br><u>\$ 0</u> |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - CAPITAL PROJECTS FUND  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

|  | 2017                |                      |  | 2016            |             |  |
|--|---------------------|----------------------|--|-----------------|-------------|--|
|  | Final<br>Budget     | Actual               | Variance<br>Favorable<br>(Unfavorable) | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>  |                     |                      |  |                 |             |  |
| Other local sources  | \$ 21,700           | \$ 44,427            | \$ 22,727                              | \$ 0            | \$ 0        | \$ 0                                   |
| Total Revenues   | <u>21,700</u>       | <u>44,427</u>        | <u>22,727</u>                          | <u>0</u>        | <u>0</u>    | <u>0</u>                               |
| <b>EXPENDITURES</b>  |                     |                      |  |                 |             |  |
| Support Services   |                     |                      |  |                 |             |  |
| Operations and maintenance                                   | 673,100             | 2,007,705            | (1,334,605)                            |                 |             |  |
| Total Expenditures   | <u>673,100</u>      | <u>2,007,705</u>     | <u>(1,334,605)</u>                     | <u>0</u>        | <u>0</u>    | <u>0</u>                               |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(651,400)</u>    | <u>(1,963,278)</u>   | <u>(1,311,878)</u>                     | <u>0</u>        | <u>0</u>    | <u>0</u>                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                      |  |                 |             |  |
| Note proceeds  | 9,990,000           | 9,990,000            |  |                 |             |  |
| Bond proceeds  |                     | 12,010,000           | 12,010,000                             |                 |             |  |
| Total other financing sources                                | <u>9,990,000</u>    | <u>22,000,000</u>    | <u>12,010,000</u>                      | <u>0</u>        | <u>0</u>    | <u>0</u>                               |
| <b>Net Change in Fund Balance</b>                            | 9,338,600           | 20,036,722           | 10,698,122                             | 0               | 0           | 0                                      |
| <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>\$ 9,338,600</u> | <u>\$ 20,036,722</u> | <u>\$ 10,698,122</u>                   | <u>\$ 0</u>     | <u>\$ 0</u> | <u>\$ 0</u>                            |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

|  | Capital<br>Expansion<br>Fund | Long-Term<br>Capital<br>Improvement<br>Trust Fund | Package-<br>Cooperative<br>Fund | Spec. Rev.<br>Trust<br>Fund | Community<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|------------------------------|---|---------------------------------|-----------------------------|------------------------------|--|
| <b>ASSETS</b>                              |                              |   |                                 |                             |                              |  |
| Cash and investments                       | \$ 538,517                   | \$ 1,022  | \$ 124                          | \$ 240,829                  | \$ 122,927                   | \$ 903,419                                 |
| Accounts receivable                        |                              |   |                                 | 280                         | 1,296                        | 1,576                                      |
| <b>TOTAL ASSETS</b>                        | <b>\$ 538,517</b>            | <b>\$ 1,022</b>                                   | <b>\$ 124</b>                   | <b>\$ 241,109</b>           | <b>\$ 124,223</b>            | <b>\$ 904,995</b>                          |
| <b>LIABILITIES AND FUND BALANCES</b>       |                              |   |                                 |                             |                              |  |
| Liabilities                                |                              |   |                                 |                             |                              |  |
| Accounts payable                           | \$ 0                         | \$ 0  | \$ 0                            | \$ 0                        | \$ 0                         | \$ 0                                       |
| Payroll and related liabilities            |                              |   | 124                             |                             | 3,233                        | 3,357                                      |
| Total liabilities                          | 0                            | 0   | 124                             | 0                           | 3,233                        | 3,357                                      |
| Fund Balances                              |                              |   |                                 |                             |                              |  |
| Restricted                                 | 538,517                      | 1,022   | 0                               | 241,109                     | 120,990                      | 901,638                                    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 538,517</b>            | <b>\$ 1,022</b>                                   | <b>\$ 124</b>                   | <b>\$ 241,109</b>           | <b>\$ 124,223</b>            | <b>\$ 904,995</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, 2017**

|  | Capital<br>Expansion<br>Fund | Long-Term<br>Capital<br>Improvement<br>Trust Fund | Package-<br>Cooperative<br>Fund | Special Rev.<br>Trust<br>Fund | Community<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|------------------------------|---|---------------------------------|-------------------------------|------------------------------|--|
| <b>Revenues</b>  |                              |   |                                 |                               |                              |  |
| Property taxes   | \$ 50,000                    | \$ 0  | \$ 0                            | \$ 0                          | \$ 202,000                   | \$ 252,000                                 |
| Other local sources  | 804                          | 20  | 16,911                          | 156,983                       | 141,180                      | 315,898                                    |
| Interdistrict sources  |                              |   | 8,434                           |                               |                              | 8,434                                      |
| Total Revenues   | <u>50,804</u>                | <u>20</u>   | <u>25,345</u>                   | <u>156,983</u>                | <u>343,180</u>               | <u>576,332</u>                             |
| <b>Expenditures</b>  |                              |   |                                 |                               |                              |  |
| Instruction  |                              |   |                                 |                               |                              |  |
| Regular instruction  |                              |   |                                 | 115,685                       |                              | 115,685                                    |
| Vocational instruction                                       |                              |   |                                 | 110                           |                              | 110  |
| Special education instruction                                |                              |   |                                 | 220                           |                              | 220  |
| Other instruction  |                              |   | 36,125                          | 5,614                         |                              | 41,739                                     |
| Total Instruction  | <u>0</u>                     | <u>0</u>  | <u>36,125</u>                   | <u>121,629</u>                | <u>0</u>                     | <u>157,754</u>                             |
| Support Services   |                              |   |                                 |                               |                              |  |
| Instructional staff services                                 |                              |   |                                 | 9,881                         |                              | 9,881                                      |
| Building administration services                             |                              |   |                                 | 16,223                        |                              | 16,223                                     |
| Operations and maintenance                                   | 44,341                       |   |                                 | 14,290                        |                              | 58,631                                     |
| Community services   |                              |   |                                 |                               | 277,230                      | 277,230                                    |
| Total Support Services                                       | <u>44,341</u>                | <u>0</u>  | <u>0</u>                        | <u>40,394</u>                 | <u>277,230</u>               | <u>361,965</u>                             |
| Total Expenditures   | <u>44,341</u>                | <u>0</u>  | <u>36,125</u>                   | <u>162,023</u>                | <u>277,230</u>               | <u>519,719</u>                             |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>6,463</u>                 | <u>20</u>   | <u>(10,780)</u>                 | <u>(5,040)</u>                | <u>65,950</u>                | <u>56,613</u>                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                              |   |                                 |                               |                              |  |
| Transfer from (to) other funds                               | <u>0</u>                     | <u>0</u>  | <u>10,780</u>                   | <u>0</u>                      | <u>0</u>                     | <u>10,780</u>                              |
| <b>Net Change in Fund Balances</b>                           | <u>6,463</u>                 | <u>20</u>   | <u>0</u>                        | <u>(5,040)</u>                | <u>65,950</u>                | <u>67,393</u>                              |
| <b>FUND BALANCES - Beginning of Year</b>                     | <u>532,054</u>               | <u>1,002</u>                                      | <u>0</u>                        | <u>246,149</u>                | <u>55,040</u>                | <u>834,245</u>                             |
| <b>FUND BALANCES - END OF YEAR</b>                           | <u>\$ 538,517</u>            | <u>\$ 1,022</u>                                   | <u>\$ 0</u>                     | <u>\$ 241,109</u>             | <u>\$ 120,990</u>            | <u>\$ 901,638</u>                          |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
CAPITAL EXPANSION FUND  
JUNE 30, 2017 AND 2016

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|                            | <u>2017</u>       | <u>2016</u>       |
|----------------------------|-------------------|-------------------|
| <b>ASSETS</b>              |                   |                   |
| Cash and investments       | \$ 538,517        | \$ 532,054        |
| <b>TOTAL ASSETS</b>        | <u>\$ 538,517</u> | <u>\$ 532,054</u> |
| <b>FUND BALANCES</b>       |                   |                   |
| Fund Balances              |                   |                   |
| Restricted                 | \$ 538,517        | \$ 532,054        |
| <b>TOTAL FUND BALANCES</b> | <u>\$ 538,517</u> | <u>\$ 532,054</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, 2017 AND 2016

|   | 2017              |                   |  | 2016              |                   |   |
|---|-------------------|-------------------|--|-------------------|-------------------|---|
|   | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) | Final<br>Budget   | Actual            | Variance<br>Favorable/<br>(Unfavorable) |
| <b>REVENUES</b>                         |                   |                   |  |                   |                   |   |
| Property taxes                          | \$ 50,000         | \$ 50,000         | \$ 0                                   | \$ 300,000        | \$ 300,000        | \$ 0                                    |
| Other local sources                     | 400               | 804               | 404                                    | 11                | 439               | 428                                     |
| Total Revenues                          | <u>50,400</u>     | <u>50,804</u>     | <u>404</u>                             | <u>300,011</u>    | <u>300,439</u>    | <u>428</u>                              |
| <b>EXPENDITURES</b>                     |                   |                   |  |                   |                   |   |
| Support Services                        |                   |                   |  |                   |                   |   |
| Operations and maintenance              | 233,640           | 44,341            | 189,299                                | 250,000           | 287,738           | (37,738)                                |
| Total Support Services                  | <u>233,640</u>    | <u>44,341</u>     | <u>189,299</u>                         | <u>250,000</u>    | <u>287,738</u>    | <u>(37,738)</u>                         |
| <b>Net Change in Fund Balance</b>       | (183,240)         | 6,463             | 189,703                                | 50,011            | 12,701            | (37,310)                                |
| <b>FUND BALANCE - Beginning of Year</b> | <u>532,054</u>    | <u>532,054</u>    | <u>0</u>                               | <u>519,353</u>    | <u>519,353</u>    | <u>0</u>                                |
| <b>FUND BALANCE - END OF YEAR</b>       | <u>\$ 348,814</u> | <u>\$ 538,517</u> | <u>\$ 189,703</u>                      | <u>\$ 569,364</u> | <u>\$ 532,054</u> | <u>\$ (37,310)</u>                      |



COMPARATIVE BALANCE SHEETS  
LONG-TERM CAPITAL IMPROVEMENT TRUST FUND  
JUNE 30, 2017 AND 2016

- 55 -

**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, 2017 AND 2016

|   | 2017            |                 |  | 2016            |                 |  |
|---|-----------------|-----------------|--|-----------------|-----------------|--|
|   | Final<br>Budget | Actual          | Variance<br>Favorable<br>(Unfavorable) | Final<br>Budget | Actual          | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>                         |                 |                 |  |                 |                 |  |
| Other local sources                     | \$ 0            | \$ 20           | \$ 20                                  | \$ 0            | \$ 2            | \$ 2                                   |
| Total Revenues                          | 0               | 20              | 20                                     | 0               | 2               | 2                                      |
| <b>EXPENDITURES</b>                     |                 |                 |  |                 |                 |  |
| Other instruction                       | 0               | 0               | 0                                      | 0               | 0               | 0                                      |
| <b>Net Change in Fund Balance</b>       | 0               | 20              | 20                                     | 0               | 2               | 2                                      |
| <b>FUND BALANCE - Beginning of Year</b> | 1,002           | 1,002           | 0                                      | 1,000           | 1,000           | 0                                      |
| <b>FUND BALANCE - END OF YEAR</b>       | <u>\$ 1,002</u> | <u>\$ 1,022</u> | <u>\$ 20</u>                           | <u>\$ 1,000</u> | <u>\$ 1,002</u> | <u>\$ 2</u>                            |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
PACKAGE-COOPERATIVE FUND  
JUNE 30, 2017 AND 2016

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|  | <u>2017</u>   | <u>2016</u>   |
|--|---------------|---------------|
| <b>ASSETS</b>                              |               |               |
| Cash and investments                       | \$ 124        | \$ 101        |
| <b>TOTAL ASSETS</b>                        | <u>\$ 124</u> | <u>\$ 101</u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |               |               |
| Liabilities                                |               |               |
| Payroll and related liabilities            | \$ 124        | \$ 101        |
| Total liabilities                          |               |               |
| Fund Balances                              |               |               |
| Restricted                                 | <u>0</u>      | <u>0</u>      |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 124</u> | <u>\$ 101</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, 2017 AND 2016**

|  | 2017            |           |  | 2016            |           |  |
|--|-----------------|-----------|--|-----------------|-----------|--|
|  | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>  |                 |           |  |                 |           |  |
| Other local sources  | \$ 0            | \$ 16,911 | \$ 16,911                              | \$ 29,000       | \$ 17,050 | \$ (11,950)                            |
| Interdistrict sources  |                 | 8,434     | 8,434                                  |                 |           |  |
| Total Revenues   | 0               | 25,345    | 25,345                                 | 29,000          | 17,050    | (11,950)                               |
| <b>EXPENDITURES</b>  |                 |           |  |                 |           |  |
| Other instruction  | 32,000          | 36,125    | (4,125)                                | 29,000          | 31,379    | (2,379)                                |
| Excess (deficiency) of revenues<br>over (under) expenditures | (32,000)        | (10,780)  | 21,220                                 | 0               | (14,329)  | (14,329)                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                 |           |  |                 |           |  |
| Transfer from (to) other funds                               | 32,000          | 10,780    | (21,220)                               |                 | 14,329    | 14,329                                 |
| <b>Net Change in Fund Balance</b>                            | 0               | 0         | 0                                      | 0               | 0         | 0                                      |
| <b>FUND BALANCE - Beginning of Year</b>                      | 0               | 0         | 0                                      | 0               | 0         | 0                                      |
| <b>FUND BALANCE - END OF YEAR</b>                            | \$ 0            | \$ 0      | \$ 0                                   | \$ 0            | \$ 0      | \$ 0                                   |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
SPECIAL REVENUE TRUST FUND  
JUNE 30, 2017 AND 2016

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|                            | <u>2017</u>              | <u>2016</u>              |
|----------------------------|--------------------------|--------------------------|
|                            |                          |                          |
| <b>ASSETS</b>              |                          |                          |
| Cash and investments       | \$ 240,829               | \$ 246,149               |
| Accounts receivable        | <u>280</u>               | <u></u>                  |
| <b>TOTAL ASSETS</b>        | <u><u>\$ 241,109</u></u> | <u><u>\$ 246,149</u></u> |
|                            |                          |                          |
| <b>FUND BALANCES</b>       |                          |                          |
| Fund Balances              |                          |                          |
| Restricted                 | <u>\$ 241,109</u>        | <u>\$ 246,149</u>        |
| <b>TOTAL FUND BALANCES</b> | <u><u>\$ 241,109</u></u> | <u><u>\$ 246,149</u></u> |

**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, 2017 AND 2016

|                                  | 2017              |                   |  | 2016             |                   |  |
|----------------------------------|-------------------|-------------------|--|------------------|-------------------|--|
|                                  | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) | Final<br>Budget  | Actual            | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>                  |                   |                   |  |                  |                   |  |
| Other local sources              | \$ 170,173        | \$ 156,983        | \$ (13,190)                            | \$ 0             | \$ 103,480        | \$ 103,480                             |
| Total Revenues                   | <u>170,173</u>    | <u>156,983</u>    | <u>(13,190)</u>                        | <u>0</u>         | <u>103,480</u>    | <u>103,480</u>                         |
| <b>Expenditures</b>              |                   |                   |  |                  |                   |  |
| Instruction                      |                   |                   |  |                  |                   |  |
| Regular instruction              | 28,814            | 115,685           | (86,871)                               | 8,725            | 24,575            | (15,850)                               |
| Vocational instruction           | 689               | 110               | 579                                    |                  |                   |  |
| Special education instruction    | 150               | 220               | (70)                                   |                  |                   |  |
| Other instruction                | 45,650            | 5,614             | 40,036                                 |                  | 10,133            | (10,133)                               |
| Total Instruction                | <u>75,303</u>     | <u>121,629</u>    | <u>(46,326)</u>                        | <u>8,725</u>     | <u>34,708</u>     | <u>(25,983)</u>                        |
| Support Services                 |                   |                   |  |                  |                   |  |
| Pupil services                   | 2,856             |                   | 2,856                                  |                  |                   |  |
| Instructional staff services     | 34,687            | 9,881             | 24,806                                 |                  | 30,381            | (30,381)                               |
| Building administration services | 49,827            | 16,223            | 33,604                                 | 38,023           | 7,758             | 30,265                                 |
| Business services                |                   |                   |  |                  | 2,215             | (2,215)                                |
| Operations and maintenance       | 7,500             | 14,290            | (6,790)                                | 100,000          | 18,018            | 81,982                                 |
| Total Support Services           | <u>94,870</u>     | <u>40,394</u>     | <u>54,476</u>                          | <u>138,023</u>   | <u>58,372</u>     | <u>79,651</u>                          |
| Total Expenditures               | <u>170,173</u>    | <u>162,023</u>    | <u>8,150</u>                           | <u>146,748</u>   | <u>93,080</u>     | <u>53,668</u>                          |
| Net Change in Fund Balance       | 0                 | (5,040)           | (5,040)                                | (146,748)        | 10,400            | 157,148                                |
| FUND BALANCE - Beginning of Year | <u>246,149</u>    | <u>246,149</u>    | <u>0</u>                               | <u>235,749</u>   | <u>235,749</u>    | <u>0</u>                               |
| FUND BALANCE - END OF YEAR       | <u>\$ 246,149</u> | <u>\$ 241,109</u> | <u>\$ (5,040)</u>                      | <u>\$ 89,001</u> | <u>\$ 246,149</u> | <u>\$ 157,148</u>                      |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEET  
COMMUNITY SERVICE FUND  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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|  | <u>2017</u>              | <u>2016</u>             |
|--|--------------------------|-------------------------|
| <b>ASSETS</b>                              |                          |                         |
| Cash and investments                       | \$ 122,927               | \$ 56,729               |
| Accounts receivable                        | <u>1,296</u>             | <u>181</u>              |
| <b>TOTAL ASSETS</b>                        | <u><u>\$ 124,223</u></u> | <u><u>\$ 56,910</u></u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                          |                         |
| Liabilities                                |                          |                         |
| Payroll and related liabilities            | \$ 3,233                 | \$ 1,870                |
| Total liabilities                          | <u>3,233</u>             | <u>1,870</u>            |
| Fund Balances                              |                          |                         |
| Restricted                                 | <u>120,990</u>           | <u>55,040</u>           |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u><u>\$ 124,223</u></u> | <u><u>\$ 56,910</u></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, 2017 AND 2016**

|   | 2017             |                   |  | 2016             |                  |  |
|---|------------------|-------------------|--|------------------|------------------|--|
|   | Final<br>Budget  | Actual            | Variance<br>Favorable<br>(Unfavorable) | Final<br>Budget  | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>                         |                  |                   |  |                  |                  |  |
| Property taxes                          | \$ 202,000       | \$ 202,000        | \$ 0                                   | \$ 160,000       | \$ 160,000       | \$ 0                                   |
| Other local sources                     | 120,000          | 141,180           | 21,180                                 | 124,859          | 119,526          | (5,333)                                |
| Total Revenues                          | <u>322,000</u>   | <u>343,180</u>    | <u>21,180</u>                          | <u>284,859</u>   | <u>279,526</u>   | <u>(5,333)</u>                         |
| <b>EXPENDITURES</b>                     |                  |                   |  |                  |                  |  |
| Support Services                        |                  |                   |  |                  |                  |  |
| Community services                      | 330,225          | 277,230           | 52,995                                 | 290,233          | 298,918          | (8,685)                                |
| Total Expenditures                      | <u>330,225</u>   | <u>277,230</u>    | <u>52,995</u>                          | <u>290,233</u>   | <u>298,918</u>   | <u>(8,685)</u>                         |
| <b>Net Change in Fund Balance</b>       | (8,225)          | 65,950            | 74,175                                 | (5,374)          | (19,392)         | (14,018)                               |
| <b>FUND BALANCE - Beginning of Year</b> | <u>55,040</u>    | <u>55,040</u>     | <u>0</u>                               | <u>74,432</u>    | <u>74,432</u>    | <u>0</u>                               |
| <b>FUND BALANCE - END OF YEAR</b>       | <u>\$ 46,815</u> | <u>\$ 120,990</u> | <u>\$ 74,175</u>                       | <u>\$ 69,058</u> | <u>\$ 55,040</u> | <u>\$ (14,018)</u>                     |



**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -  
PUPIL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

|                              | Balance<br>6/30/2016 | Additions        | Deletions        | Balance<br>6/30/2017 |
|------------------------------|----------------------|------------------|------------------|----------------------|
| <b>ASSETS</b>                |                      |                  |                  |                      |
| Cash and investments         | \$ 37,846            | \$ 91,798        | \$ 88,417        | \$ 41,227            |
| <b>TOTAL ASSETS</b>          | <u>\$ 37,846</u>     | <u>\$ 91,798</u> | <u>\$ 88,417</u> | <u>\$ 41,227</u>     |
| <b>LIABILITIES</b>           |                      |                  |                  |                      |
| Accounts payable             | \$ 0                 | \$ 2,427         | \$ 0             | \$ 2,427             |
| Due to other funds           |                      | 780              | 390              | 390                  |
| Due to student organizations |                      |                  |                  |                      |
| Middle School                | 2,762                | 5,968            | 6,593            | 2,137                |
| High School                  | 37,195               | 82,623           | 81,434           | 38,384               |
| Primary School               | <u>(2,111)</u>       |                  |                  | <u>(2,111)</u>       |
| <b>TOTAL LIABILITIES</b>     | <u>\$ 37,846</u>     | <u>\$ 91,798</u> | <u>\$ 88,417</u> | <u>\$ 41,227</u>     |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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Authorizing Entity: Lodi School District (Board of Education)

Charter School Name: Ouisconsing School of Collaboration (OSC)

| <b>OPERATING ACTIVITY</b> | <b>WUFAR OBJECT CODE</b> | <b>COST</b>              |
|---------------------------|--------------------------|--------------------------|
| Employee salaries         | 100                      | \$ 264,886               |
| Employee benefits         | 200                      | 109,113                  |
| Purchased services        | 300                      | 834                      |
| Non-capital objects       | 400                      | 13,285                   |
| Dues and fees             | 900                      | <u>347</u>               |
| <b>TOTAL</b>              |                          | <b><u>\$ 388,465</u></b> |

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

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

| Administering Agency<br>Pass-Through Agency<br>Award Description | Federal<br>Catalog<br>Number | Federal<br>Pass-through<br>ID Number | Program<br>or Award<br>Amount | Accrued<br>Receivable<br>July 1, 2016 | Revenues                  |                | Expenditures | Accrued<br>Receivable<br>June 30, 2017 |
|--|------------------------------|--------------------------------------|-------------------------------|---------------------------------------|---------------------------|----------------|--------------|--|
|  |                              |                                      |                               |                                       | Grantor<br>Reimbursements | Local<br>Share |              |  |
| U.S. DEPARTMENT OF AGRICULTURE                                   |                              |                                      |                               |                                       |                           |                |              |  |
| Wisconsin Department of Public Instruction:                      |                              |                                      |                               |                                       |                           |                |              |  |
| Food Service Aid - Breakfast<br>July 1, 2016 - June 30, 2017     | 10.553                       | 2017-113150-SB-546                   |                               | \$ 982                                | \$ 28,101                 | \$ 0           | \$ 28,142    | \$ 1,023                               |
| Food Distribution<br>July 1, 2016 - June 30, 2017                | 10.555                       | 2017-113150-FD-547                   |                               |                                       | 42,051                    |                | 42,051       |  |
| National School Lunch Program<br>July 1, 2016 - June 30, 2017    | 10.555                       | 2017-113150-NSL-547                  |                               | 3,680                                 | 124,658                   |                | 124,929      | 3,951                                  |
| Total U.S. Department of Agriculture                             |                              |                                      |                               | 4,662                                 | 194,810                   | 0              | 195,122      | 4,974                                  |
| U.S. DEPARTMENT OF EDUCATION                                     |                              |                                      |                               |                                       |                           |                |              |  |
| Wisconsin Department of Public Instruction:                      |                              |                                      |                               |                                       |                           |                |              |  |
| ESEA Title I-A<br>July 1, 2015 - June 30, 2016                   | 84.010                       | 2017-113150-Title I-141              | 115,179                       | 115,179                               | 115,179                   |                |              |  |
| July 1, 2016 - June 30, 2017                                     |                              |                                      | 117,529                       |                                       |                           |                | 101,642      | 101,642                                |
| Special Education Cluster  |                              |                                      |                               |                                       |                           |                |              |  |
| IDEA Flow Through<br>July 1, 2015 - June 30, 2016                | 84.027                       | 2017-113150-IDEA-341                 | 275,707                       | 188,651                               | 188,651                   |                |              |  |
| July 1, 2016 - June 30, 2017                                     |                              |                                      | 291,988                       |                                       |                           |                | 290,205      | 290,205                                |
| High Cost Special Education Aid<br>July 1, 2016 - June 30, 2017  | 84.027                       | 2017-113150-High Cost-342            | 8,132                         |                                       | 14,647                    |                | 14,647       |  |
| IDEA Preschool<br>July 1, 2015 - June 30, 2016                   | 84.173                       | 2017-113150-IDEA-Pre-S-341           | 13,610                        | 13,610                                | 13,610                    |                |              |  |
| July 1, 2016 - June 30, 2017                                     |                              |                                      | 11,638                        |                                       |                           |                | 11,638       | 11,638                                 |
| Total Special Education Cluster                                  |                              |                                      |                               | 202,261                               | 216,908                   | 0              | 316,490      | 301,843                                |
| Title IIA  |                              |                                      |                               |                                       |                           |                |              |  |
| July 1, 2015 - June 30, 2016                                     | 84.367                       | 2017-113150-Title II-365             | 36,860                        | 36,860                                | 36,860                    |                |              |  |
| July 1, 2016 - June 30, 2017                                     |                              |                                      | 31,050                        |                                       |                           |                | 31,050       | 31,050                                 |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017

| Administering Agency<br>Pass-Through Agency<br>Award Description                                      | Federal<br>Catalog<br>Number | Federal<br>Pass-through<br>ID Number | Program<br>or Award<br>Amount | Accrued<br>Receivable<br>July 1, 2016 | Revenues                  |                | Expenditures | Accrued<br>Receivable<br>June 30, 2017 |
|---|------------------------------|--------------------------------------|-------------------------------|---------------------------------------|---------------------------|----------------|--------------|--|
|   |                              |                                      |                               |                                       | Grantor<br>Reimbursements | Local<br>Share |              |  |
| U.S. DEPARTMENT OF EDUCATION  |                              |                                      |                               |                                       |                           |                |              |  |
| Wisconsin Department of Public Instruction:   |                              |                                      |                               |                                       |                           |                |              |  |
| Pass-through Johnson Creek School District<br>Title III - ELL<br>July 1, 2016 - June 30, 2017         | 84.365                       | 2017-282730-Title III A-391          | 6,247                         | \$ 0                                  | \$ 0                      | \$ 0           | \$ 6,247     | \$ 6,247                               |
| Pass-through CESA 5<br>Carl Perkins<br>July 1, 2016 - June 30, 2017                                   | 84.048                       | 2017-749905-CP-CTE-400               | 6,120                         |                                       | 4,772                     |                | 4,772        |  |
| Total U. S. Department of Education   |                              |                                      |                               | 354,300                               | 373,719                   | 0              | 460,201      | 440,782                                |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  |                              |                                      |                               |                                       |                           |                |              |  |
| Direct Award:   |                              |                                      |                               |                                       |                           |                |              |  |
| Drug Free Communities<br>July 1, 2015 - June 30, 2016   | 93.276                       | N/A                                  | 118,000                       | 58,153                                | 58,153                    |                |              |  |
| Wisconsin Department of Public Instruction<br>School Health Nutrition<br>July 1, 2016 - June 30, 2017 | 93.548                       | N/A                                  | N/A                           |                                       | 461                       |                | 461          |  |
| Wisconsin Department of Health Services<br>Medical Assistance Program<br>July 1, 2016 - June 30, 2017 | 93.778                       | 44229500                             | N/A                           |                                       | 77,664                    |                | 77,664       |  |
| Total U.S. Department of Health and Human Services  |                              |                                      |                               | 58,153                                | 136,278                   | 0              | 78,125       | 0                                      |
| TOTAL FEDERAL ASSISTANCE  |                              |                                      |                               | \$ 417,115                            | \$ 704,807                | \$ 0           | \$ 733,448   | \$ 445,756                             |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

| Administering Agency<br>Pass-Through Agency<br>Award Description | State<br>I.D.<br>Number | State<br>Pass-through<br>ID Number | Accrued<br>Receivable<br>July 1, 2016 | Revenues<br>Grantor<br>Reimbursements | Expenditures        | Accrued<br>Receivable<br>June 30, 2017 |
|--|-------------------------|------------------------------------|---------------------------------------|---------------------------------------|---------------------|--|
| <b>WISCONSIN DEPT. OF PUBLIC INSTRUCTION</b>                     |                         |                                    |                                       |                                       |                     |  |
| Entitlement Programs   |                         |                                    |                                       |                                       |                     |  |
| Major State Programs   |                         |                                    |                                       |                                       |                     |  |
| General Equalization   | 255.201                 | 113150-116                         | \$ 99,473                             | \$ 5,307,798                          | \$ 5,300,325        | \$ 92,000                              |
| Total Major State Programs                                       |                         |                                    | 99,473                                | 5,307,798                             | 5,300,325           | 92,000                                 |
| Nonmajor State Programs  |                         |                                    |                                       |                                       |                     |  |
| Special Education and School Age Parents                         | 255.101                 | 113150-100                         |                                       |                                       |                     |  |
| Internal District Programs                                       |                         |                                    | \$ 0                                  | \$ 740,792                            | \$ 740,792          | \$ 0                                   |
| Other School Districts   |                         |                                    |                                       | 24,236                                | 24,236              |  |
| CESA 5   |                         |                                    |                                       | 22,974                                | 22,974              |  |
| Total Special Education and School Age Parents                   |                         |                                    | 0                                     | 788,002                               | 788,002             | 0                                      |
| Common School Fund   | 255.103                 | 113150-104                         |                                       | 54,080                                | 54,080              |  |
| State School Lunch Aid   | 255.102                 | 113150-107                         |                                       | 5,457                                 | 5,457               |  |
| Pupil Transportation   | 255.107                 | 113150-102                         |                                       | 36,394                                | 36,394              |  |
| High Cost Special Education Aid                                  | 255.210                 | 113150-119                         |                                       | 50,968                                | 50,968              |  |
| Alcohol and Other Drug Abuse                                     | 255.306                 | 113150-143                         | 15,000                                | 15,000                                | 9,962               | 9,962                                  |
| AODA Student Mini Grant  | 255.321                 | 113150-142                         |                                       |                                       | 972                 | 972                                    |
| School Breakfast   | 255.344                 | 113150-108                         |                                       | 2,860                                 | 2,860               |  |
| Peer Review Mentor Grant - Educator Effectiveness Pilot          | 255.940                 | 113150-154                         |                                       | 11,440                                | 11,440              |  |
| Per Pupil Aid  | 255.945                 | 113150-113                         | 234,750                               | 620,000                               | 385,250             |  |
| Career and Technical Educ Incentive Grants                       | 255.950                 | 113150-151                         |                                       | 8,971                                 | 8,971               |  |
| Assessments of Reading Readiness                                 | 255.956                 | 113150-166                         |                                       | 1,629                                 | 1,629               |  |
| DNR  | N/A                     | N/A                                |                                       | 32,803                                | 32,803              |  |
| Computer Aid   | N/A                     | N/A                                | 9,993                                 | 9,993                                 | 2,799               | 2,799                                  |
| Miscellaneous Revenue - Pass through CESA 5                      | N/A                     | N/A                                |                                       | 800                                   | 800                 |  |
| Miscellaneous Revenue  | N/A                     | N/A                                |                                       | 470                                   | 470                 |  |
| Total Nonmajor State Programs                                    |                         |                                    | 259,743                               | 1,638,867                             | 1,392,857           | 13,733                                 |
| <b>TOTAL STATE ASSISTANCE</b>                                    |                         |                                    | <b>\$ 359,216</b>                     | <b>\$ 6,946,665</b>                   | <b>\$ 6,693,182</b> | <b>\$ 105,733</b>                      |

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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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**

2016-2017 eligible costs under the State Special Education Program are \$2,978,714.

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 27, 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 a deficiency in internal control, described in the accompanying summary of auditor's results as item 2017-001 to be a significant deficiency.



### **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 summary of auditor's results. 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  
November 27, 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 STATE PROGRAM WITH REQUIRED  
PROCEDURES AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION**

Board of Education  
Lodi School District  
Lodi, Wisconsin

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

We have audited the Lodi School District's (District)'s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's state programs with required procedures for the year ended June 30, 2017. The District's state programs that have required procedures are identified in the accompanying summary of auditors' results.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of 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 state programs with required procedures 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; and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements 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 the state programs with required procedures 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 state program with required procedures. However, our audit does not provide a legal determination on the District's compliance.

**Opinion on Each State Program**

In our opinion, the District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its state programs with required procedures for the year ended June 30, 2017.

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

Management of the 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 each state program with required procedures to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each state program with required procedures and to test and report on internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*, 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 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 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 the type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying summary of auditor's results as item 2017-002 to be a significant deficiency.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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 testing based on requirements of the *Wisconsin Public School District Manual*. Accordingly, this report is not suitable for any other purpose.

*Miller, Brussell, Ebben and Glaeske LLC*

Portage, Wisconsin  
November 27, 2017

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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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

**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

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:

State ID Number    Name of State Program

255.201              General Equalization Aid

**Section II - Financial Statement Findings**

**Financial Statement Significant Deficiencies**

2017-001    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**

**SUMMARY OF AUDITOR'S RESULTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**Financial Statement Significant Deficiencies (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 2017-001.

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

**Federal and State Awards Significant Deficiencies**

2017-002 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.

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.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SUMMARY OF AUDITOR'S RESULTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**Federal and State Awards Significant Deficiencies (Continued)**

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 2017-002.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Significant Deficiency 2017-001 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 2017-002 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.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2017**

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2016-001 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 have made changes to their processes to adequately segregate duties between individuals. The District segregates duties between the business manager, accounts payable manager, payroll and human resources director, and others. They have also streamlined many processes to be done electronically through their software eliminating the amount of duties to one individual. Therefore, this significant deficiency can be eliminated.

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 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, 2017**

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2016-003 Financial Reporting for Federal Assistance

**Condition:** The Uniform Guidance and the State Single Audit Guidelines requires the District to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. While the current staff of the District maintains financial records supporting amounts reported in the schedules of expenditures of federal and state 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 and state 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.

2016-004 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:** There have been changes as a result of the Uniform Grant Guidance regarding tracking and reporting payroll related costs. The Uniform Guidance's primary focus is that strong internal controls must exist for the reporting of salaries to ensure that the payroll charged to grants matches where the actual time is spent. The District has the proper controls in place and has time distribution records for all employees whose salary is paid in whole or in part with federal funds.

**LODI SCHOOL DISTRICT  
LODI, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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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 students not residing within boundaries of the unusually hazardous transportation plans filed by the District.

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 new transportation director worked closely with the bus company and made the proper changes to the transportation report. The transportation director also has implemented processes for determining that students are correctly reported in the right categories.