

LODI SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2021
(AUDITED)

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

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FINANCIAL SECTION

MILLER, BRUSSELL, EBBEN AND GLAESKE LLC

CERTIFIED PUBLIC ACCOUNTANTS

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PORTAGE, WISCONSIN

53901

INDEPENDENT AUDITOR'S REPORT

Board of Education
Lodi School District
Lodi, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lodi School District (the "District") as of and for the year ended June 30, 2021, 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, 2021, 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.

Emphasis of Matter

As described in Note 15 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities* for the year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, the schedule of funding progress for postemployment benefit plans other than pensions and the schedules for pension related items on pages 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, and is also not a required part of the basic 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 2, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Miller, Brussell, Ebben and Glaeske LLC

Portage, Wisconsin
December 2, 2021

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LODI SCHOOL DISTRICT
LODI, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 3,597,920	\$ 117,003	\$ 3,714,923
Receivables			
Accounts	35,000		35,000
Taxes	3,892,361		3,892,361
Prepaid expense	24,177	826	25,003
Due from other governments	731,803	34,795	766,598
Inventory		12,163	12,163
Total Current Assets	<u>8,281,261</u>	<u>164,787</u>	<u>8,446,048</u>
Noncurrent Assets			
Land	214,307		214,307
Buildings and improvements	62,319,703		62,319,703
Furniture and equipment	2,095,807	144,530	2,240,337
Less accumulated depreciation	(27,266,361)	(92,676)	(27,359,037)
Net Noncurrent Assets	<u>37,363,456</u>	<u>51,854</u>	<u>37,415,310</u>
Other Noncurrent Assets			
Net pension asset	3,989,844	43,457	4,033,301
Total Other Noncurrent Assets	<u>3,989,844</u>	<u>43,457</u>	<u>4,033,301</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows of resources	9,217,206	100,392	9,317,598
OPEB and stipend related outflows of resources	180,764		180,764
Total Deferred Outflows of Resources	<u>9,397,970</u>	<u>100,392</u>	<u>9,498,362</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 59,032,531</u>	<u>\$ 360,490</u>	<u>\$ 59,393,021</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ (3,129)	\$ 868	\$ (2,261)
Accrued Liabilities			
Payroll, payroll taxes, insurance	1,001,675		1,001,675
Interest	192,265		192,265
Unearned revenue		36,534	36,534
Deposits payable		(196)	(196)
Current portion of long-term obligations	1,283,152		1,283,152
Total Current Liabilities	<u>2,473,963</u>	<u>37,206</u>	<u>2,511,169</u>
Noncurrent Liabilities			
Noncurrent portion of long-term obligations	15,152,034		15,152,034
Total Noncurrent Liabilities	<u>15,152,034</u>	<u>0</u>	<u>15,152,034</u>
Other Noncurrent Liabilities			
Net OPEB and stipend liability	1,524,949		1,524,949
Total Other Noncurrent Liabilities	<u>1,524,949</u>	<u>0</u>	<u>1,524,949</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows of resources	11,677,566	127,190	11,804,756
OPEB and stipend related inflows of resources	114,667		114,667
Total Deferred Inflows of Resources	<u>11,792,233</u>	<u>127,190</u>	<u>11,919,423</u>
Total Liabilities and Deferred Inflows	<u>30,943,179</u>	<u>164,396</u>	<u>31,107,575</u>
NET POSITION			
Net investment in capital assets	21,501,624	51,854	21,553,478
Restricted	2,674,391	144,240	2,818,631
Unrestricted	3,913,337		3,913,337
Total Net Position	<u>28,089,352</u>	<u>196,094</u>	<u>28,285,446</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 59,032,531</u>	<u>\$ 360,490</u>	<u>\$ 59,393,021</u>

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT
LODI WISCONSIN**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Instruction						
Regular instruction	\$ 7,251,097	\$ 37,700	\$ 301,297	\$ (6,912,100)	\$ 0	\$ (6,912,100)
Vocational instruction	413,620	349		(413,271)		(413,271)
Special education instruction	2,419,247	32,249	1,142,464	(1,244,534)		(1,244,534)
Other instruction	929,774	6,108		(923,666)		(923,666)
Total Instruction	<u>11,013,738</u>	<u>76,406</u>	<u>1,443,761</u>	<u>(9,493,571)</u>	<u>0</u>	<u>(9,493,571)</u>
Support Services						
Pupil services	801,201	107,257	91,876	(602,068)		(602,068)
Instructional staff services	909,552	15	101,911	(807,626)		(807,626)
General administration services	368,182			(368,182)		(368,182)
Business administration services	1,031,645			(1,031,645)		(1,031,645)
Business services	409,070			(409,070)		(409,070)
Operations and maintenance of plant	2,402,297			(2,402,297)		(2,402,297)
Pupil transportation services	996,932		115,556	(881,376)		(881,376)
Central services	129,837			(129,837)		(129,837)
Interest on debt	718,070			(718,070)		(718,070)
Insurance	209,242			(209,242)		(209,242)
Other support services	575,838			(575,838)		(575,838)
Community services	461,585	54,906	55,000	(351,679)		(351,679)
Depreciation - unallocated*	981,094			(981,094)		(981,094)
Total Support Services	<u>9,994,545</u>	<u>162,178</u>	<u>364,343</u>	<u>(9,468,024)</u>	<u>0</u>	<u>(9,468,024)</u>
Total Governmental Activities	<u>21,008,283</u>	<u>238,584</u>	<u>1,808,104</u>	<u>(18,961,595)</u>	<u>0</u>	<u>(18,961,595)</u>
Business-Type Activities						
School Food Service Program	<u>488,022</u>	<u>74,437</u>	<u>408,216</u>	<u>0</u>	<u>(5,369)</u>	<u>(5,369)</u>
TOTAL SCHOOL DISTRICT	<u>\$ 21,496,305</u>	<u>\$ 313,021</u>	<u>\$ 2,216,320</u>	<u>(18,961,595)</u>	<u>(5,369)</u>	<u>(18,966,964)</u>
General Revenues						
Property taxes						
General purposes				11,086,223		11,086,223
Debt services				3,328,100		3,328,100
Capital expansion				50,000		50,000
Community services				325,000		325,000
State and federal aids not restricted to specific functions						
General				5,364,004		5,364,004
Other				2,015,359		2,015,359
Interest and investment earnings				6,027		6,027
Miscellaneous				274,869		274,869
Total General Revenues				<u>22,449,582</u>	<u>0</u>	<u>22,449,582</u>
Change in Net Position				3,487,987	(5,369)	3,482,618
NET POSITION - Beginning of Year, As Restated				<u>24,601,365</u>	<u>201,463</u>	<u>24,802,828</u>
NET POSITION - END OF YEAR				<u>\$ 28,089,352</u>	<u>\$ 196,094</u>	<u>\$ 28,285,446</u>

*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, 2021

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 2,493,270	\$ 281,760	\$ 822,890	\$ 3,597,920
Receivables				
Accounts			35,000	35,000
Taxes	3,892,361			3,892,361
Prepaid expenses	5,539		18,638	24,177
Due from other governments	731,803			731,803
TOTAL ASSETS	\$ 7,122,973	\$ 281,760	\$ 876,528	\$ 8,281,261
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued liabilities				
Accounts payable	\$ (3,129)	\$ 0	\$ 0	\$ (3,129)
Payroll, payroll taxes, insurance	988,294		13,381	1,001,675
Total Liabilities	985,165	0	13,381	998,546
Fund Balances				
Restricted		281,760	863,147	1,144,907
Unassigned	6,137,808			6,137,808
Total Fund Balances	6,137,808	281,760	863,147	7,282,715
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,122,973	\$ 281,760	\$ 876,528	\$ 8,281,261
Total fund balance reported on governmental funds balance sheet				\$ 7,282,715
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			64,629,817	
Governmental accumulated depreciation			(27,266,361)	37,363,456
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 asset (liability)			3,989,844	
Pension related deferred outflows			9,217,206	
Pension related deferred inflows			(11,677,566)	1,529,484
OPEB and stipend 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 OPEB and stipend asset (liability)			(1,524,949)	
OPEB and stipend deferred outflows			180,764	
OPEB and stipend deferred inflows			(114,667)	(1,458,852)
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 and note payable			(15,861,832)	
Accrued interest on general obligation debt and note payable			(192,265)	
Unamortized debt premium			(604,408)	
Unamortized discounts			200,297	
Vested employee benefits			(169,243)	(16,627,451)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES				\$ 28,089,352

See Accompanying Notes to the Basic Financial Statements

LODI SCHOOL DISTRICT
LODI, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 11,086,223	\$ 3,328,100	\$ 375,000	\$ 14,789,323
Other local sources	47,693	43	269,820	317,556
Interdistrict sources	829,285			829,285
Intermediate sources	15,855			15,855
State sources	7,639,082			7,639,082
Federal sources	801,949		55,000	856,949
Other sources	48,220			48,220
Total Revenues	<u>20,468,307</u>	<u>3,328,143</u>	<u>699,820</u>	<u>24,496,270</u>
EXPENDITURES				
Instruction				
Regular instruction	7,778,104		682	7,778,786
Vocational instruction	413,448			413,448
Special instruction	2,665,442			2,665,442
Other instruction	926,351		50,237	976,588
Total Instruction	<u>11,783,345</u>	<u>0</u>	<u>50,919</u>	<u>11,834,264</u>
Support Services				
Pupil services	864,645		583	865,228
Instructional staff services	954,083		2,557	956,640
General administration services	388,395			388,395
Building administration services	1,099,215		16,443	1,115,658
Business services	438,091			438,091
Operations and maintenance	2,259,500		1,250,793	3,510,293
Pupil transportation	996,932			996,932
Central services	109,526			109,526
Principal and interest		3,356,287		3,356,287
Insurance	209,242			209,242
Other support services	673,562			673,562
Community services	2,233		484,760	486,993
Total Support Services	<u>7,995,424</u>	<u>3,356,287</u>	<u>1,755,136</u>	<u>13,106,847</u>
Total Expenditures	<u>19,778,769</u>	<u>3,356,287</u>	<u>1,806,055</u>	<u>24,941,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>689,538</u>	<u>(28,144)</u>	<u>(1,106,235)</u>	<u>(444,841)</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds			500,000	500,000
Transfer from (to) other funds	(853)		853	
Net Other Financing Sources	<u>(853)</u>	<u>0</u>	<u>500,853</u>	<u>500,000</u>
Net Change in Fund Balances	688,685	(28,144)	(605,382)	55,159
FUND BALANCES - Beginning of Year, As Restated	<u>5,449,123</u>	<u>309,904</u>	<u>1,468,529</u>	<u>7,227,556</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,137,808</u>	<u>\$ 281,760</u>	<u>\$ 863,147</u>	<u>\$ 7,282,715</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, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$ 55,159
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	1,377,754
Depreciation expense reported in the statement of activities	<u>(1,241,056)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.	136,698
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:	28,696
Long-term obligations are reported in governmental funds as an other financing source, but is reported as an increase in outstanding long-term obligations in the statement of net position and does not effect the statement of activities.	
The amount of long-term obligations incurred in the current year is	(500,000)
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:	2,584,022
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.	
Amortization of bond premium	60,844
Amortization of bond discount	(18,932)
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.	705,490
Pension revenue (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.	448,441
Employer OPEB and stipend 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 OPEB liability, the net stipend liability, and deferred outflows.	105,568
OPEB expense and stipend expense is included in the statement of activities but not reported in the governmental funds since it is an actuarially determined amount for the OPEB plan.	(130,282)
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	772,265
The amount of interest accrued during the current period	<u>(759,982)</u>
Interest paid is greater (less) than interest accrued by	12,283
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$ <u>3,487,987</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021 AND 2020

	Food Service Fund	
	2021	2020
ASSETS		
Current Assets		
Cash	\$ 117,003	\$ 147,709
Inventory	12,163	5,424
Prepaid expense	826	8,298
Due from other governments	34,795	
Total Current Assets	<u>164,787</u>	<u>161,431</u>
Noncurrent Assets		
Furniture and equipment	144,530	144,530
Less accumulated depreciation	(92,676)	(73,080)
Net Noncurrent Assets	<u>51,854</u>	<u>71,450</u>
Other Noncurrent Assets		
Net pension asset	<u>43,457</u>	<u>37,725</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related outflows of resources	<u>100,392</u>	<u>162,634</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 360,490</u>	<u>\$ 433,240</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 868	\$ 42
Accrued payroll, payroll taxes, insurance	(196)	420
Deferred revenue	36,534	37,775
Total Current Liabilities	<u>37,206</u>	<u>38,237</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related inflows of resources	<u>127,190</u>	<u>193,540</u>
NET POSITION		
Invested in capital assets, net of related debt	51,854	71,450
Restricted for food service programs	127,581	123,194
Restricted for pension related items	16,659	6,819
Total Net Position	<u>196,094</u>	<u>201,463</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 360,490</u>	<u>\$ 433,240</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Food Service Fund	
	2021	2020
REVENUES		
Food sales	\$ 65,103	\$ 319,280
Interdistrict	9,334	33,752
State sources	10,498	9,106
Federal sources	354,844	184,829
Federal commodities	40,216	34,481
Other sources	2,658	2,172
Total Revenues	<u>482,653</u>	<u>583,620</u>
OPERATING EXPENSES		
Salaries and wages	147,955	255,980
Employer paid benefits	57,650	95,980
Supplies, food and materials	173,964	279,925
Purchased services	88,840	11,508
Other	17	470
Depreciation	19,596	19,073
Total Operating Expenses	<u>488,022</u>	<u>662,936</u>
Operating Income (Loss)	<u>(5,369)</u>	<u>(79,316)</u>
Change in Net Assets	(5,369)	(79,316)
NET ASSETS - Beginning of Year	<u>201,463</u>	<u>280,779</u>
NET ASSETS - END OF YEAR	<u>\$ 196,094</u>	<u>\$ 201,463</u>

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Food Service Fund	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	\$ 66,520	\$ 335,284
Cash received from other government payments	339,881	230,928
Cash payments to employees for services	(207,763)	(351,920)
Cash payments to suppliers for goods and services	(140,487)	(244,618)
Cash payments for purchased services	(88,840)	(11,508)
Cash payments for other operating expenses	(17)	(470)
Net Cash Provided By (Used For) Operating Activities	<u>(30,706)</u>	<u>(42,304)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash payments for acquisition of capital assets		(59,672)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>0</u>	<u>(59,672)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(30,706)	(101,976)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>147,709</u>	<u>249,685</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 117,003</u>	<u>\$ 147,709</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (5,369)	\$ (79,316)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation	19,596	19,073
Net change in pension related items	(9,840)	1,173
Changes in operating assets and liabilities		
Inventory	(6,739)	826
Prepaid expense	7,472	5,287
Due from other governments	(34,795)	3,241
Accounts payable	826	
Accrued payroll, payroll taxes, insurance	(616)	(8,592)
Deferred revenue	(1,241)	16,004
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (30,706)</u>	<u>\$ (42,304)</u>
NONCASH NONCAPITAL FINANCING ACTIVITIES		
During the year the District received commodities from the U.S. Department of Agriculture in the amount of:	<u>\$ 40,216</u>	<u>\$ 34,481</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

STATEMENTS OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Private-Purpose Trust Funds</u>
ASSETS	
Current Assets	
Cash and investments	\$ 167,011
Accounts receivable	<u>540</u>
TOTAL ASSETS	<u>\$ 167,551</u>
 LIABILITIES	
Due to Student Groups	\$ 0
Total Liabilities	<u>\$ 0</u>
 NET POSITION	
Held in Trust for Scholarships	<u>\$ 167,551</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Private-Purpose Trust Funds
	<u> </u>
ADDITIONS	
Interest and dividend income	\$ 5,063
Other revenue	<u>23,523</u>
Total Additions	<u>28,586</u>
DEDUCTIONS	
Scholarships awarded	27,200
Adjustments	<u> </u>
Total Deductions	<u>27,200</u>
Change in Net Position	1,386
NET POSITION - Beginning of Year	<u>166,165</u>
NET POSITION - END OF YEAR	<u>\$ 167,551</u>

See Accompanying Notes to the Basic Financial Statements

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 nine 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, 2021**

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.

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 that were accumulated from donations that are used to pay scholarships in the Private-Purpose Trust Funds.

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

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

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,

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

U.S. Agency issues, high-grade commercial paper, and the local government pooled investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled investment fund.

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

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 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. 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.

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Inventories and Prepaid Items

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

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

Due To/Due From Other Funds

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

Capital Assets

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

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

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

Vested Employee Benefits

Compensated Absences

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

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021**

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, 2021, 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, 2021**

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 and OPEB related items, which are detailed in Note 8.

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 and OPEB related items, which are detailed in Note 8.

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, 2021**

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

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

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

	Total Governmental Funds	Long-Term Revenues/ Expenses	Capital Related Items	Long-Term Debt Transactions	Statement Of Activities Total
Revenues and Other Sources					
Property taxes	\$14,789,323	\$ 0	\$ 0	\$ 0	\$14,789,323
Other local sources					
Interest and investment earnings	6,027				6,027
Miscellaneous	226,649				226,649
Charges for services	84,880				84,880
Interdistrict sources					
Other general aid	782,838				782,838
Charges for services	46,447				46,447
Intermediate sources					
Operating grants and contributions	15,855				15,855
State sources					
General aid	5,364,004				5,364,004
Operating grants and contributions	1,042,557				1,042,557
Other general aid	1,232,521				1,232,521
Federal sources					
Charges for services	107,257				107,257
Operating grants and contributions	749,692				749,692
Other revenue sources					
Miscellaneous	48,220				48,220
Note Proceeds	500,000			(500,000)	
 Total Revenues and Other Sources	 \$24,996,270	 \$ 0	 \$ 0	 \$ (500,000)	 \$24,496,270

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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	Long-Term	<u>OPEB, Stipend & Pension</u>				Long-Term	Statement
	Governmental	Revenues/	<u>Related Items</u>				Debt	Of
	Funds	Expenses	Employer	OPEB/Pension	Capital	Related Items	Transactions	Activities
			Contributions	Expense	Acquisitions	Depreciation		Total
Expenditures/Expenses								
Regular instruction	\$ 7,778,786	\$ (18,862)	\$(365,869)	\$ (143,521)	\$ 0	\$ 563	\$ 0	\$ 7,251,097
Vocational instruction	413,448	(1,003)	(21,088)	(8,272)		30,535		413,620
Special education								
instruction	2,665,442	(6,463)	(143,882)	(56,441)	(42,880)	3,471		2,419,247
Other instruction	976,588	(2,368)	(42,905)	(16,831)		15,290		929,774
Pupil services	865,228		(45,987)	(18,040)				801,201
Instructional staff services	956,640		(33,821)	(13,267)				909,552
General administration								
services	388,395		(14,518)	(5,695)				368,182
Building administration								
services	1,115,658		(60,342)	(23,671)				1,031,645
Business services	438,091		(20,844)	(8,177)				409,070
Operations and maintenance	3,510,293		(30,171)	(11,836)	(1,245,823)	179,834		2,402,297
Pupil transportation	996,932							996,932
Central services	109,526		(324)	(127)		20,762		129,837
Principal and interest	3,356,287						(2,638,217)	718,070
Insurance	209,242							209,242
Other support services	673,562		(13,058)	(5,122)	(89,051)	9,507		575,838
Community services	486,993		(18,249)	(7,159)				461,585
Depreciation - unallocated						981,094		981,094
Total Expenditures/Expenses	<u>24,941,111</u>	<u>(28,696)</u>	<u>(811,058)</u>	<u>(318,159)</u>	<u>(1,377,754)</u>	<u>1,241,056</u>	<u>(2,638,217)</u>	<u>21,008,283</u>
Net Change for Year	<u>\$ 55,159</u>	<u>\$ 28,696</u>	<u>\$ 811,058</u>	<u>\$ 318,159</u>	<u>\$ 1,377,754</u>	<u>\$ (1,241,056)</u>	<u>\$ 2,138,217</u>	<u>\$ 3,487,987</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

The District's deposits and investment balances at June 30, 2021 were as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Associated Bank	<u>\$650,000</u>	<u>\$ 0</u>	<u>\$3,891,944</u>	<u>\$4,541,944</u>	\$3,633,128
Thompson IM Funds					92,598
Petty Cash					7,295
Wisconsin Investment Series Cooperative					<u>148,913</u>
Total Cash					3,881,934
Less cash and investments - fiduciary funds					<u>(167,011)</u>
Total					<u>\$3,714,923</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, 2021, 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, 2021 include the following:

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

	Credit Quality Rating	Credit Exposure As a Percentage of Total Investments	Maturities	Fair Value
Thompson IM Funds	BBB	38%	Not available	\$ 92,598
Wisconsin Investment Series Cooperative	Unrated	62%	Not available	148,913
Total		<u>100%</u>		<u>\$ 241,511</u>

NOTE 4 CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Sites (land)	\$ 214,307	\$ 0	\$ 0	\$ 214,307
Total Capital Assets Not Being Depreciated	<u>214,307</u>	<u>0</u>	<u>\$ 0</u>	<u>214,307</u>
Capital assets being depreciated				
Buildings and improvements	60,990,498	1,329,205		62,319,703
Furniture and equipment	<u>2,047,258</u>	<u>48,549</u>		<u>2,095,807</u>
Total Capital Assets Being Depreciated	<u>63,037,756</u>	<u>1,377,754</u>	<u>0</u>	<u>64,415,510</u>
Less accumulated depreciation for				
Buildings and improvements	(25,129,985)	(1,074,459)		(26,204,444)
Furniture and equipment	<u>(895,320)</u>	<u>(166,597)</u>		<u>(1,061,917)</u>
Total Accumulated Depreciation	<u>(26,025,305)</u>	<u>(1,241,056)</u>	<u>0</u>	<u>(27,266,361)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>37,012,451</u>	<u>136,698</u>	<u>0</u>	<u>37,149,149</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$37,226,758</u>	<u>\$ 136,698</u>	<u>\$ 0</u>	<u>\$37,363,456</u>
Business-Type Activities				
Capital assets being depreciated				
Furniture and equipment	\$ 144,530	\$	\$ 0	\$ 144,530
Less accumulated depreciation	<u>(73,080)</u>	<u>(19,596)</u>		<u>(92,676)</u>
Business-Type Activities Capital Assets Net of Accumulated Depreciation	<u>\$ 71,450</u>	<u>\$ (19,596)</u>	<u>\$ 0</u>	<u>\$ 51,854</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, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Regular instruction	\$ 563
Vocational instruction	30,535
Special education instruction	3,471
Other instruction	15,290
Operations and maintenance	179,834
Central services	20,762
Other support services	9,507
Depreciation - unallocated	<u>981,094</u>
Total Depreciation for Governmental Activities	<u>\$1,241,056</u>

NOTE 5 LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Notes and Bonds					
2017 G.O. Refunding Bonds	\$ 8,780,000	\$ 0	\$ 1,460,000	\$ 7,320,000	\$ 0
2017 G.O. School Building Bond	9,030,000		1,075,000	7,955,000	1,115,000
State Trust Fund Loan 1	29,978		14,768	15,210	15,210
State Trust Fund Loan 2	105,876		34,254	71,622	35,282
State Trust Fund Loan 3		500,000		500,000	43,320
Bond premium	665,252		60,844	604,408	60,844
Bond discount	(219,229)		(18,932)	(200,297)	(18,932)
Total Notes and Bonds	<u>18,391,877</u>	<u>500,000</u>	<u>2,625,934</u>	<u>16,265,943</u>	<u>1,250,724</u>
Other Liabilities					
Vested employee benefits					
Compensated absences	197,939		28,696	169,243	32,428
Total Other Liabilities	<u>197,939</u>	<u>0</u>	<u>28,696</u>	<u>169,243</u>	<u>32,428</u>
Total Governmental Activities	<u>\$18,589,816</u>	<u>\$ 500,000</u>	<u>\$2,654,630</u>	<u>\$16,435,186</u>	<u>\$1,283,152</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.

On March 1, 2017, the Lodi School District received refunding bond proceeds in the amount of \$9,905,000 with an interest rate of 3.25% - 3.75%. On May 25, 2021, the District made a defeasance payment on the March 1, 2017 refunding bond in the amount of \$1,460,000 plus other financing fees for a total of \$1,637,496. The defeasance payment was deposited into an irrevocable trust with an escrow agent and invested in U.S. Governmental Securities that are used to meet the requirements of the refunding of the old debt.

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

On the District's financial statements, the \$1,460,000 payment is defeased for the bonds and is removed from the bonds' liability. The total savings from the defeasance is \$628,754.

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

	<u>Expense</u>	<u>Paid</u>
Bonds payable	\$581,536	\$593,819
Bond premium amortization	(60,844)	
Bond discount amortization	18,932	
Other fiscal charges	<u>178,446</u>	<u>178,446</u>
 Total Interest and Other Fiscal Charges Paid	 <u>\$718,070</u>	 <u>\$772,265</u>

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

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance 6/30/2021</u>
2017 G.O. Refunding Bonds	03/01/17	3.25-3.75%	09/01/2036	\$ 7,320,000
2017 G.O. School Building Bond	05/30/17	2.0-3.0%	03/01/2030	7,955,000
State Trust Fund Loan 1	01/24/18	3.0%	03/15/2022	15,210
State Trust Fund Loan 2	04/27/18	3.0%	03/15/2023	71,622
State Trust Fund Loan 3	09/01/20	2.75%	03/15/2030	<u>500,000</u>
 Total General Obligation Debt*				 <u>\$15,861,832</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, 2021 is:

Equalized value certified by Wisconsin Department of Revenue for 2020	\$1,338,850,506
Margin of indebtedness at 10%	\$133,885,051
*Deduct long-term debt applicable to debt margin	<u>(15,861,832)</u>
 Margin of Indebtedness	 <u>\$118,023,219</u>

Aggregate cash flow requirements for retirement of long-term principal and interest on bonds as of June 30, 2021 are as follows:

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities			
<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,208,812	\$ 509,813	\$ 1,718,625
2023	808,160	466,349	1,274,509
2024	918,214	442,264	1,360,478
2025	924,708	414,820	1,339,528
2026	971,213	387,216	1,358,429
2027 - 2036	<u>11,030,725</u>	<u>1,845,164</u>	<u>12,875,889</u>
Totals	<u>\$15,861,832</u>	<u>\$4,065,626</u>	<u>\$19,927,458</u>

NOTE 6 INTERFUND ACTIVITY

There were no interfund receivable at June 30, 2021. There was one interfund transfer for the year ended June 30, 2021.

<u>Transfer From</u>	<u>Transfer To</u>	
General Fund	Package-Cooperative Fund	\$853

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 (Revenue), 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 the 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, expected to work at least 1,200 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 Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21.0

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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, 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 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 \$713,174 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General(including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2021, the Lodi School District reported a liability (asset) of \$(4,033,301) for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2020, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the Lodi School District's proportion was 0.06460374%, which was a decrease of 0.00100609% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Lodi School District recognized pension expense(revenue) of \$(449,455).

At June 30, 2021, the Lodi School District reported Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions from the following sources:

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$5,837,426	\$ (1,257,370)
Net differences between projected and actual earnings on pension plan investments	2,955,217	(10,527,413)
Changes in assumptions	91,483	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	468	(19,973)
Employer contributions subsequent to the measurement date	433,004	0
Total	<u>\$9,317,598</u>	<u>\$(11,804,756)</u>

\$433,044 reported as Deferred Outflows of Resources 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, 2021. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension will be recognized in pension expense (revenue) as follows:

<u>Year ended June 30:</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$3,743,221	\$(4,498,092)
2022	\$3,168,403	\$(3,376,038)
2023	\$1,392,621	\$(2,767,429)
2024	\$ 580,347	\$(1,163,196)
Thereafter	\$ 0	\$ 0

Actuarial assumptions. The Total Pension Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns
As of December 31, 2020

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51%	7.2%	4.7%
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	<u>115%</u>	<u>6.6%</u>	<u>4.1%</u>
 <u>Variable Fund Asset Class</u>			
US Equities	70%	6.6%	4.1%
International Equities	<u>30</u>	<u>7.4</u>	<u>4.9</u>
Total Variable Fund	<u>100%</u>	<u>7.1%</u>	<u>4.6%</u>

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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.

LODI SCHOOL DISTRICT LODI, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Lodi School District's proportionate share of the net pension liability (asset)	\$3,839,143	\$(4,033,301)	\$(9,815,553)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Postemployment Benefits Other Than Pensions (OPEB). For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Lodi School District's retiree benefits plan and additions to/deductions from them have been determined on the same basis as they are reported by the Lodi School District retiree benefits plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay as you go plan.

General information About the OPEB and Stipend Plan

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 212 active and 30 retired members in the OPEB plan. There are 133 active and 27 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 no expenditures for the year ended June 30, 2021 for OPEB and the stipend.

**LODI SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB and Stipend Liability (Continued)

Contributions. The Lodi School District governing body has the authority to establish and amend the contribution requirements of the District and employees. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2020, the District's average contribution rate was .46 percent of employee-covered payroll for OPEB and .85 percent of employee-covered payroll for the stipend. Employees are not required to contribute to the plan.

Net OPEB and Stipend Liability

The District's net OPEB liability and net stipend liability were measured as of June 30, 2020, and the total OPEB liability and total stipend liability used to calculate the net OPEB liability and stipend liability, respectfully, were determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability and total stipend liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2020
Reporting date:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal (level percent of salary)
Inflation:	2.00%
Discount rate:	2.25%
Healthcare Cost Trend Rates:	6.50%, decreasing 0.10% per year down to 5.0%, and level thereafter

Actuarial assumptions were based on an experience study conducted in 2018 using the Wisconsin Retirement System (WRS) experience from 2015-2017. Mortality assumptions were based on 2018 mortality tables.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period.

Discount rate. The discount rate used to measure the total OPEB liability and the total stipend liability was 2.25 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB and stipend plans' fiduciary net position was projected to be available to make all projected OPEB and stipend payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB and stipend plan investments was applied to all periods of projected benefit payments to determine the total OPEB and stipend liability.

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Total OPEB and Stipend Liability

	Total OPEB Liability (a)	Total Stipend Liability (a)
Balance at 6/30/2019	\$ 140,698	\$ 1,245,161
Changes for the year:		
Service cost	7,923	68,960
Interest	4,283	43,720
Changes of benefit terms		
Differences between expected and actual experience	91,976	8,393
Changes of assumptions or other input	5,790	13,613
Benefit payments	(44,587)	(60,981)
Net Changes	<u>65,385</u>	<u>73,705</u>
Balance at 6/30/2020	<u>\$ 206,083</u>	<u>\$ 1,318,866</u>

Sensitivity of the total OPEB and stipend liability to changes in the discount rate.
The following presents the total OPEB liability and total stipend liability of the District, as well as what the District's net OPEB liability and stipend liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Net OPEB liability (asset)	\$ 216,982	\$ 206,083	\$ 195,554
Net Stipend liability (asset)	\$1,373,479	\$1,318,866	\$1,265,250

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	\$189,742	\$206,083	\$224,991

OPEB and Stipend Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB and Stipend

For the year ended June 30, 2020, the District recognized OPEB expense (revenue) of \$4,378 and recognized the stipend expense (revenue) of \$125,904. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB and the stipend from the following sources:

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

<u>Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$82,778	\$ (85,358)
Changes of assumptions	6,602	(21,471)
Net difference between projected and actual earnings on OPEB plan investments		
Employer contributions subsequent to the measurement date		
Total	<u>\$89,380</u>	<u>\$ (106,829)</u>

<u>Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Stipend</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual Experience	\$69,309	\$ 0
Changes of assumptions	22,075	(7,838)
Net difference between projected and actual earnings on stipend plan investments		
Employer contributions subsequent to the measurement date		
Total	<u>\$91,384</u>	<u>\$ (7,838)</u>

Prior actuarial valuations were performed under GASB 45. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB and the stipend will be recognized in OPEB and stipend expense as follows:

<u>Year ended June 30:</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$13,224	\$ (7,828)
2022	\$13,224	\$ (7,828)
2023	\$13,224	\$ (7,828)
2024	\$13,224	\$ (7,828)
2025	\$13,224	\$ (7,828)
Thereafter	\$17,426	\$21,691

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.

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 10 CONTINGENCIES AND COMMITMENTS

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

NOTE 11 FUND BALANCES

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

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Government Funds</u>	<u>Food Service Fund</u>
Restricted for:				
Debt service fund	\$ 0	\$281,760	\$ 0	\$ 0
Capital projects fund			42,506	
Long-term capital improvement fund			1,065	
Capital expansion fund			310,958	
Community service fund			210,338	
Special revenue trust fund			298,280	
Food service program				127,581
Pension related items				16,659
Nonspendable				
Unassigned	<u>6,137,808</u>			
Total fund balances	<u>\$6,137,808</u>	<u>\$281,760</u>	<u>\$863,147</u>	<u>\$144,240</u>

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

Governmental activities:	
Debt service	\$ 281,760
Capital project	42,506
Long-term capital improvement	1,065
Capital expansion	310,958
Community service	210,338
Special revenue	298,280
Pension related items	<u>1,529,484</u>
Total	<u>\$2,674,391</u>
Business-type activities:	
Food service operations	\$ 127,581
Pension related items	<u>16,659</u>
Total	<u>\$ 144,240</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021:

	Governmental Activities (Expenditures)
Community Service Fund	\$ 49,740
Package-Cooperative Fund	\$ 979
Special Revenue Trust Fund	\$ 379,097
Capital Expansion Fund	\$ 252,775
Debt Service Fund	\$1,612,852

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 December 2, 2021 which is the date the financial statements were available to be issued. As of that date no material subsequent events were noted.

NOTE 15 GASB PRONOUNCEMENTS

GASB Statement No. 84, Fiduciary Activities, was adopted by the District as of July 1, 2020. This statement establishes new criteria for identifying fiduciary activities that are reported in the fiduciary funds and changes in reporting. The District evaluated all student activity accounts and scholarship accounts and decided the student activities do not meet the criteria to be fiduciary activities. The student activities were moved to the special revenue fund at July 1, 2020. All Revenue and expense for student activity accounts are now reported in the special revenue fund.

NOTE 16 PRIOR YEAR RESTATEMENT

Changes to the reporting requirements for Fiduciary Activities detailed in Note 15 requires a restatement to the beginning net position as follows:

	Special Revenue Trust Fund	Governmental Activities
Net Position-Beginning of Year	\$661,684	\$24,580,691
Prior Year Agency Fund Ending Balance	20,674	20,674
Net Position-Beginning of Year, As Restated	<u>\$682,358</u>	<u>\$24,601,365</u>

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, 2021**

	Original Budgeted Amounts			Final Budgeted Amounts			Actual Amounts			Variance With Final Budget Favorable/ (Unfavorable)
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	
REVENUES										
Property taxes	\$ 0	\$ 11,510,209	\$ 11,510,209	\$ 0	\$ 11,086,143	\$ 11,086,143	\$ 0	\$ 11,086,223	\$ 11,086,223	\$ 80
Other local sources	860	461,564	462,424	860	461,564	462,424		47,693	47,693	(414,731)
Interdistrict sources		747,737	747,737		747,737	747,737	30,000	799,285	829,285	81,548
Intermediate sources	21,813	13,016	34,829	21,813	13,016	34,829	3,240	12,615	15,855	(18,974)
State sources	778,875	6,341,992	7,120,867	778,875	6,909,569	7,688,444	932,433	6,706,649	7,639,082	(49,362)
Federal sources	335,670	150,981	486,651	335,670	252,501	588,171	513,267	288,682	801,949	213,778
Other sources		127,159	127,159		127,159	127,159		48,220	48,220	(78,939)
Total Revenues	1,137,218	19,352,658	20,489,876	1,137,218	19,597,689	20,734,907	1,478,940	18,989,367	20,468,307	(266,600)
EXPENDITURES										
Instruction										
Regular instruction		8,332,681	8,332,681		8,467,081	8,467,081		7,778,104	7,778,104	688,977
Vocational instruction		579,784	579,784		578,518	578,518		413,448	413,448	165,070
Special instruction	2,693,657	100	2,693,757	2,693,657	100	2,693,757	2,665,442		2,665,442	28,315
Other instruction		992,047	992,047		987,117	987,117		926,351	926,351	60,766
Total Instruction	2,693,657	9,904,612	12,598,269	2,693,657	10,032,816	12,726,473	2,665,442	9,117,903	11,783,345	943,128
Support Services										
Pupil services	295,703	463,465	759,168	295,703	463,665	759,368	381,421	483,224	864,645	(105,277)
Instructional staff services	143,394	987,943	1,131,337	143,394	1,007,814	1,151,208	185,648	768,435	954,083	197,125
General administration services		366,645	366,645		367,245	367,245		388,395	388,395	(21,150)
Building administration services		1,208,011	1,208,011		1,210,336	1,210,336		1,099,215	1,099,215	111,121
Business services		447,501	447,501		447,501	447,501		438,091	438,091	9,410
Operations and maintenance		2,536,150	2,536,150		2,536,150	2,536,150		2,259,500	2,259,500	276,650
Pupil transportation	420,000	913,639	1,333,639	420,000	913,639	1,333,639	298,715	698,217	996,932	336,707
Central services		72,253	72,253		71,753	71,753		109,526	109,526	(37,773)
Insurance		178,500	178,500		178,500	178,500	7,813	201,429	209,242	(30,742)
Other support services	416	466,209	466,625	416	468,383	468,799	800	672,762	673,562	(204,763)
Community services		227	227		227	227		2,233	2,233	(2,006)
Total Support Services	859,513	7,640,543	8,500,056	859,513	7,665,213	8,524,726	874,397	7,121,027	7,995,424	529,302
Total Expenditures	3,553,170	17,545,155	21,098,325	3,553,170	17,698,029	21,251,199	3,539,839	16,238,930	19,778,769	1,472,430
Excess of Revenues Over Expenditures	(2,415,952)	1,807,503	(608,449)	(2,415,952)	1,899,660	(516,292)	(2,060,899)	2,750,437	689,538	1,205,830
OTHER FINANCING SOURCES (USES)										
Transfer from (to) other funds	2,380,145	(2,364,210)	15,935	2,380,145	(2,364,210)	15,935	2,060,899	(2,061,752)	(853)	(16,788)
Net Other Financing Sources (Uses)	2,380,145	(2,364,210)	15,935	2,380,145	(2,364,210)	15,935	2,060,899	(2,061,752)	(853)	(16,788)
Net Change in Fund Balances	(35,807)	(556,707)	(592,514)	(35,807)	(464,550)	(500,357)	0	688,685	688,685	1,189,042
FUND BALANCES - Beginning of Year	0	5,449,123	5,449,123	0	5,449,123	5,449,123	0	5,449,123	5,449,123	0
FUND BALANCES - END OF YEAR	\$ (35,807)	\$ 4,892,416	\$ 4,856,609	\$ (35,807)	\$ 4,984,573	\$ 4,948,766	\$ 0	\$ 6,137,808	\$ 6,137,808	\$ 1,189,042

**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, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 1,712,207	\$ 3,328,100	\$ 3,328,100	\$ 0
Other local sources	905	905	43	(862)
Total Revenues	<u>1,713,112</u>	<u>3,329,005</u>	<u>3,328,143</u>	<u>(862)</u>
EXPENDITURES				
Support Services				
Debt service				
Principal	1,072,579	1,072,579	2,584,022	(1,511,443)
Interest and other fiscal charges	670,856	670,856	772,265	(101,409)
Total Expenditures	<u>1,743,435</u>	<u>1,743,435</u>	<u>3,356,287</u>	<u>(1,612,852)</u>
Net Change in Fund Balance	(30,323)	1,585,570	(28,144)	(1,613,714)
FUND BALANCE - Beginning of Year	<u>309,904</u>	<u>309,904</u>	<u>309,904</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 279,581</u>	<u>\$ 1,895,474</u>	<u>\$ 281,760</u>	<u>\$ (1,613,714)</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021

SCHEDULE OF LODI SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PENSION LIABILITY (ASSET)
Wisconsin Retirement System
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Lodi School District's proportion of the Net Pension Liability (Asset)	.06460374%	.06560983%	.06625526%	.06637848%	.06548712%	.06435416%	.06507658%
Lodi School District's proportionate share of the Net Pension Liability (Asset)	\$ (4,033,301)	\$ (2,115,560)	\$ 2,357,154	\$ (1,970,855)	\$ 539,770	\$ 1,045,743	\$ (1,598,459)
Lodi School District's covered-employee payroll	\$10,612,299	\$10,468,472	\$9,985,258	\$ 9,877,897	\$9,741,552	\$9,268,257	\$ 8,292,532
Lodi School District's collective Net Pension Liability (Asset) as a percentage of the employer's covered-employee payroll	(38.01)%	(20.21)%	23.61%	(19.95)%	5.54%	11.28%	(19.28)%
Plan fiduciary net position as a percentage of the Total Pension Liability (Asset)	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

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

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR PENSION RELATED ITEMS
FOR THE YEAR ENDED JUNE 30, 2021**

SCHEDULE OF LODI SCHOOL DISTRICT'S CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 716,336	\$ 685,686	\$ 687,250	\$ 686,090	\$ 642,944	\$ 630,241	\$ 625,877
Contributions in relation to contractually required contributions	\$ (716,336)	\$ (685,686)	\$ (687,250)	\$ (686,090)	\$ (642,944)	\$ (630,241)	\$ (625,877)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lodi School District's covered-employee payroll	\$10,612,299	\$10,468,472	\$9,985,258	\$9,877,897	\$9,741,552	\$9,268,257	\$8,929,532
Contributions as a percentage of covered-employee payroll	6.75%	6.55%	6.7%	6.8%	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, 2021**

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

Changes of assumptions. No significant change in assumptions were noted from the prior year.

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

SCHEDULE OF CHANGES IN TOTAL OPEB AND STIPEND LIABILITIES AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

CHANGES IN OPEB LIABILITY AND RELATED RATIOS

	<u>2021</u>
TOTAL OPEB LIABILITY	
Service cost	\$ 7,923
Interest	4,283
Changes in benefit items	
Differences between expected and actual experience	91,976
Changes of assumptions or other input	5,790
Benefit payments	<u>(44,587)</u>
Net change in total OPEB liability	65,385
TOTAL OPEB LIABILITY - Beginning of Year	<u>140,698</u>
TOTAL OPEB LIABILITY - End of Year	<u>\$ 206,083</u>
Covered Payroll	<u>\$ 9,707,567</u>
Net OPEB liability as a percentage of covered payroll	<u>2.12%</u>

CHANGES IN STIPEND LIABILITY AND RELATED RATIOS

	<u>2021</u>
TOTAL STIPEND LIABILITY	
Service cost	\$ 68,960
Interest	43,720
Changes in benefit items	
Differences between expected and actual experience	8,393
Changes of assumptions or other input	13,613
Benefit payments	<u>(60,981)</u>
Net change in total stipend liability	73,705
TOTAL STIPEND LIABILITY - Beginning of Year	<u>1,245,161</u>
TOTAL STIPEND LIABILITY - End of Year	<u>\$ 1,318,866</u>
Covered Payroll	<u>\$ 7,173,325</u>
Net stipend liability as a percentage of covered payroll	<u>18.39%</u>

OTHER SUPPLEMENTARY INFORMATION

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 2021 AND 2020

	2021			2020		
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund
ASSETS						
Cash and investments	\$ (277,481)	\$ 2,770,751	\$ 2,493,270	\$ 67,058	\$ 2,277,004	\$ 2,344,062
Receivables						
Accounts						
Taxes		3,892,361	3,892,361		3,899,553	3,899,553
Prepays		5,539	5,539			
Due from other governments	438,303	293,500	731,803	132,129	149,407	281,536
TOTAL ASSETS	<u>\$ 160,822</u>	<u>\$ 6,962,151</u>	<u>\$ 7,122,973</u>	<u>\$ 199,187</u>	<u>\$ 6,325,964</u>	<u>\$ 6,525,151</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 0	\$ (3,129)	\$ (3,129)	\$ 0	\$ 2,535	\$ 2,535
Accrued payroll and related items	160,822	827,472	988,294	199,187	874,306	1,073,493
Total Liabilities	<u>160,822</u>	<u>824,343</u>	<u>985,165</u>	<u>199,187</u>	<u>876,841</u>	<u>1,076,028</u>
Fund Balances						
Unassigned		6,137,808	6,137,808		5,449,123	5,449,123
Total Fund Balances	<u>0</u>	<u>6,137,808</u>	<u>6,137,808</u>	<u>0</u>	<u>5,449,123</u>	<u>5,449,123</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 160,822</u>	<u>\$ 6,962,151</u>	<u>\$ 7,122,973</u>	<u>\$ 199,187</u>	<u>\$ 6,325,964</u>	<u>\$ 6,525,151</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, 2021 AND 2020**

	2021							2020						
	Final Budget			Actual			Variance	Final Budget			Actual			Variance
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	Favorable (Unfavorable)	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	Favorable (Unfavorable)
REVENUES														
Property taxes	\$ 0	\$ 11,086,143	\$ 11,086,143	\$ 0	\$ 11,086,223	\$ 11,086,223	\$ 80	\$ 0	\$ 11,452,944	\$ 11,452,944	\$ 0	\$ 11,452,948	\$ 11,452,948	\$ 4
Other local sources	860	461,564	462,424		47,693	47,693	(414,731)		325,850	325,850	789	331,147	331,936	6,086
Interdistrict sources		747,737	747,737	30,000	799,285	829,285	81,548		744,015	744,015	30,000	765,625	795,625	51,610
Intermediate sources	21,813	13,016	34,829	3,240	12,615	15,855	(18,974)	21,704	9,750	31,454	874	12,972	13,846	(17,608)
State sources	778,875	6,909,569	7,688,444	932,433	6,706,649	7,639,082	(49,362)	750,000	6,133,608	6,883,608	761,180	6,220,429	6,981,609	98,001
Federal sources	335,670	252,501	588,171	513,267	288,682	801,949	213,778	324,000	148,230	472,230	400,304	146,393	546,697	74,467
Other sources		127,159	127,159		48,220	48,220	(78,939)		110,000	110,000		49,814	49,814	(60,186)
Total Revenues	1,137,218	19,597,689	20,734,907	1,478,940	18,989,367	20,468,307	(266,600)	1,095,704	18,924,397	20,020,101	1,193,147	18,979,328	20,172,475	152,374
EXPENDITURES														
Instruction														
Regular instruction		8,467,081	8,467,081		7,778,104	7,778,104	688,977		8,207,806	8,207,806		7,900,879	7,900,879	306,927
Vocational instruction		578,518	578,518		413,448	413,448	165,070		571,170	571,170		404,247	404,247	166,923
Special instruction	2,693,657	100	2,693,757	2,665,442		2,665,442	28,315	2,647,835	100	2,647,935	2,846,766	495	2,847,261	(199,326)
Other instruction		987,117	987,117		926,351	926,351	60,766		974,888	974,888		979,151	979,151	(4,263)
Total Instruction	2,693,657	10,032,816	12,726,473	2,665,442	9,117,903	11,783,345	943,128	2,647,835	9,753,964	12,401,799	2,846,766	9,284,772	12,131,538	270,261
Support Services														
Pupil services	295,703	463,665	759,368	381,421	483,224	864,645	(105,277)	290,603	455,436	746,039	349,924	442,845	792,769	(46,730)
Instructional staff services	143,394	1,007,814	1,151,208	185,648	768,435	954,083	197,125	141,013	829,300	970,313	153,407	579,113	732,520	237,793
General administration services		367,245	367,245		388,395	388,395	(21,150)		302,050	302,050		339,477	339,477	(37,427)
Building administration services		1,210,336	1,210,336		1,099,215	1,099,215	111,121		1,188,379	1,188,379		1,156,623	1,156,623	31,756
Business services		447,501	447,501		438,091	438,091	9,410		441,111	441,111		460,049	460,049	(18,938)
Operations and maintenance		2,536,150	2,536,150		2,259,500	2,259,500	276,650		2,704,022	2,704,022		2,426,171	2,426,171	277,851
Pupil transportation	420,000	913,639	1,333,639	298,715	698,217	996,932	336,707	420,000	888,639	1,308,639	245,524	858,606	1,104,330	204,309
Central services		71,753	71,753		109,526	109,526	(37,773)		59,960	59,960		245,194	245,194	(185,234)
Insurance		178,500	178,500	7,813	201,429	209,242	(30,742)		178,500	178,500		163,308	163,308	15,192
Other support services	416	468,383	468,799	800	672,762	673,562	(204,763)	412	459,646	460,058	567	375,220	375,787	84,271
Community services		227	227		2,233	2,233	(2,006)		223	223				223
Total Support Services	859,513	7,665,213	8,524,726	874,397	7,121,027	7,995,424	529,302	852,028	7,507,266	8,359,294	749,422	7,046,806	7,796,228	563,066
Total Expenditures	3,553,170	17,698,029	21,251,199	3,539,839	16,238,930	19,778,769	1,472,430	3,499,863	17,261,230	20,761,093	3,596,188	16,331,578	19,927,766	833,327
Excess (Deficiency) of Revenues Over Expenditures	(2,415,952)	1,899,660	(516,292)	(2,060,899)	2,750,437	689,538	1,205,830	(2,404,159)	1,663,167	(740,992)	(2,403,041)	2,647,750	244,709	985,701
OTHER FINANCING SOURCES (USES)														
Transfer from (to) other funds	2,380,145	(2,364,210)	15,935	2,060,899	(2,061,752)	(853)	(16,788)	2,368,303	(2,368,303)		2,403,041	(2,403,041)		
Net Other Financing Sources (Uses)	2,380,145	(2,364,210)	15,935	2,060,899	(2,061,752)	(853)	(16,788)	2,368,303	(2,368,303)	0	2,403,041	(2,403,041)	0	0
Net Change in Fund Balance	(35,807)	(464,550)	(500,357)	0	688,685	688,685	1,189,042	(35,856)	(705,136)	(740,992)	0	244,709	244,709	985,701
FUND BALANCE - Beginning of Year	0	5,449,123	5,449,123	0	5,449,123	5,449,123	0	0	5,204,414	5,204,414	0	5,204,414	5,204,414	0
FUND BALANCE - END OF YEAR	\$ (35,807)	\$ 4,984,573	\$ 4,948,766	\$ 0	\$ 6,137,808	\$ 6,137,808	\$ 1,189,042	\$ (35,856)	\$ 4,499,278	\$ 4,463,422	\$ 0	\$ 5,449,123	\$ 5,449,123	\$ 985,701

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 281,760	\$ 309,904
TOTAL ASSETS	<u>\$ 281,760</u>	<u>\$ 309,904</u>
FUND BALANCES		
Fund Balances		
Restricted for debt service	\$ 281,760	\$ 309,904
TOTAL FUND BALANCES	<u>\$ 281,760</u>	<u>\$ 309,904</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes	\$ 3,328,100	\$ 3,328,100	\$ 0	\$ 2,728,688	\$ 2,728,688	\$ 0
Other local sources	905	43	(862)	900	1,028	128
Total Revenues	<u>3,329,005</u>	<u>3,328,143</u>	<u>(862)</u>	<u>2,729,588</u>	<u>2,729,716</u>	<u>128</u>
EXPENDITURES						
Support Services						
Debt service						
Principal	1,072,579	2,584,022	(1,511,443)	2,072,579	1,957,579	115,000
Interest and other charges	670,856	772,265	(101,409)	641,359	785,755	(144,396)
Total Expenditures	<u>1,743,435</u>	<u>3,356,287</u>	<u>(1,612,852)</u>	<u>2,713,938</u>	<u>2,743,334</u>	<u>(29,396)</u>
Net Change in Fund Balance	1,585,570	(28,144)	(1,613,714)	15,650	(13,618)	(29,268)
FUND BALANCE - Beginning of Year	<u>309,904</u>	<u>309,904</u>	<u>0</u>	<u>323,522</u>	<u>323,522</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,895,474</u>	<u>\$ 281,760</u>	<u>\$ (1,613,714)</u>	<u>\$ 339,172</u>	<u>\$ 309,904</u>	<u>\$ (29,268)</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Capital Projects Fund	Special Revenue Trust Fund	Capital Expansion Fund	Long-Term Capital Improvement Trust Fund	Package- Cooperative Fund	Community Service Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash and investments	\$ 42,506	\$ 279,642	\$ 310,958	\$ 1,065	\$ 0	\$ 188,719	\$ 822,890
Accounts receivable						35,000	35,000
Prepaid expenses		18,638					18,638
TOTAL ASSETS	<u>\$ 42,506</u>	<u>\$ 298,280</u>	<u>\$ 310,958</u>	<u>\$ 1,065</u>	<u>\$ 0</u>	<u>\$ 223,719</u>	<u>\$ 876,528</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Payroll and related liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,381	\$ 13,381
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,381</u>	<u>13,381</u>
Fund Balances							
Restricted	42,506	298,280	310,958	1,065	0	210,338	863,147
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 42,506</u>	<u>\$ 298,280</u>	<u>\$ 310,958</u>	<u>\$ 1,065</u>	<u>\$ 0</u>	<u>\$ 223,719</u>	<u>\$ 876,528</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Projects Fund	Special Revenue Trust Fund	Capital Expansion Fund	Long-Term Capital Improvement Trust Fund	Package- Cooperative Fund	Community Service Fund	Total Nonmajor Governmental Funds
Revenues							
Property taxes	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 325,000	\$ 375,000
Other local sources		147,010	10	1	126	122,673	269,820
Federal sources						55,000	55,000
Other sources							
Total Revenues	<u>0</u>	<u>147,010</u>	<u>50,010</u>	<u>1</u>	<u>126</u>	<u>502,673</u>	<u>699,820</u>
Expenditures							
Instruction							
Regular instruction		682					682
Other Instruction		49,258			979		50,237
Total Instruction	<u>0</u>	<u>49,940</u>	<u>0</u>	<u>0</u>	<u>979</u>	<u>0</u>	<u>50,919</u>
Support Services							
Pupil services		583					583
Instructional staff services		2,557					2,557
Building administration services		16,443					16,443
Operations and maintenance	500,000	461,565	252,775			36,453	1,250,793
Community services						484,760	484,760
Total Support Services	<u>500,000</u>	<u>481,148</u>	<u>252,775</u>	<u>0</u>	<u>0</u>	<u>521,213</u>	<u>1,755,136</u>
Total Expenditures	<u>500,000</u>	<u>531,088</u>	<u>252,775</u>	<u>0</u>	<u>979</u>	<u>521,213</u>	<u>1,806,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(500,000)</u>	<u>(384,078)</u>	<u>(202,765)</u>	<u>1</u>	<u>(853)</u>	<u>(18,540)</u>	<u>(1,106,235)</u>
OTHER FINANCING SOURCES (USES)							
Note proceeds	500,000						500,000
Transfer from (to) other funds					853		853
Net Other Financing Sources	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>853</u>	<u>0</u>	<u>500,853</u>
Net Change in Fund Balances	0	(384,078)	(202,765)	1	0	(18,540)	(605,382)
FUND BALANCES - Beginning of Year, As Restated	<u>42,506</u>	<u>682,358</u>	<u>513,723</u>	<u>1,064</u>	<u>0</u>	<u>228,878</u>	<u>1,468,529</u>
FUND BALANCES - END OF YEAR	<u>\$ 42,506</u>	<u>\$ 298,280</u>	<u>\$ 310,958</u>	<u>\$ 1,065</u>	<u>\$ 0</u>	<u>\$ 210,338</u>	<u>\$ 863,147</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 42,506	\$ 42,506
TOTAL ASSETS	<u>\$ 42,506</u>	<u>\$ 42,506</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>
Fund Balances		
Restricted for capital projects	<u>42,506</u>	<u>42,506</u>
Total Fund Balances	<u>42,506</u>	<u>42,506</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 42,506</u>	 <u>\$ 42,506</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, 2021 AND 2020

	2021			2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Other local sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,934	\$ 8,934
Total Revenues	0	0	0	0	8,934	8,934
EXPENDITURES						
Instruction						
Vocational instruction					134,601	(134,601)
Total Instruction	0	0	0	0	134,601	(134,601)
Support Services						
Operations and maintenance	1,000,000	500,000	500,000	858,115	689,942	168,173
Total Expenditures	1,000,000	500,000	500,000	858,115	824,543	33,572
Excess (deficiency) of revenues over (under) expenditures	(1,000,000)	(500,000)	500,000	(858,115)	(815,609)	42,506
OTHER FINANCING SOURCES (USES)						
Note proceeds	231,150	500,000	268,850	0	0	0
Net Other Financing Sources	231,150	500,000	268,850	0	0	0
Net Change in Fund Balance	(768,850)	0	768,850	(858,115)	(815,609)	42,506
FUND BALANCE - Beginning of Year	42,506	42,506	0	858,115	858,115	0
FUND BALANCE - END OF YEAR	\$ (726,344)	\$ 42,506	\$ 768,850	\$ 0	\$ 42,506	\$ 42,506

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE TRUST FUND
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 279,642	\$ 643,111
Prepaid expenses	<u>18,638</u>	<u>18,573</u>
TOTAL ASSETS	<u><u>\$ 298,280</u></u>	<u><u>\$ 661,684</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Payroll and related liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Total liabilities	<u>0</u>	<u>0</u>
Fund Balances		
Restricted	<u>298,280</u>	<u>661,684</u>
TOTAL FUND BALANCES	<u><u>\$ 298,280</u></u>	<u><u>\$ 661,684</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, 2021 AND 2020

	2021			2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Other local sources	\$ 105,324	\$ 147,010	\$ 41,686	\$ 53,169	\$ 623,362	\$ 570,193
Other sources						
Total Revenues	<u>105,324</u>	<u>147,010</u>	<u>41,686</u>	<u>53,169</u>	<u>623,362</u>	<u>570,193</u>
Expenditures						
Instruction						
Regular instruction	14,434	682	13,752	14,434	64,550	(50,116)
Vocational instruction	6,767		6,767	6,767	5,740	1,027
Other instruction	<u>42,760</u>	<u>49,258</u>	<u>(6,498)</u>	<u>42,760</u>	<u>74,125</u>	<u>(31,365)</u>
Total Instruction	<u>63,961</u>	<u>49,940</u>	<u>14,021</u>	<u>63,961</u>	<u>144,415</u>	<u>(80,454)</u>
Support Services						
Pupil services	132	583	(451)	132		132
Instructional staff services	23,632	2,557	21,075	23,632	10,786	12,846
Building administration services	61,376	16,443	44,933	61,376	7,588	53,788
Business services	2,890		2,890	2,890		2,890
Operations and maintenance		<u>461,565</u>	<u>(461,565)</u>			
Total Support Services	<u>88,030</u>	<u>481,148</u>	<u>(393,118)</u>	<u>88,030</u>	<u>18,374</u>	<u>69,656</u>
Total Expenditures	<u>151,991</u>	<u>531,088</u>	<u>(379,097)</u>	<u>151,991</u>	<u>162,789</u>	<u>(10,798)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,667)</u>	<u>(384,078)</u>	<u>(337,411)</u>	<u>(98,822)</u>	<u>460,573</u>	<u>559,395</u>
Net Change in Fund Balance	(46,667)	(384,078)	(337,411)	(98,822)	460,573	559,395
FUND BALANCE - Beginning of Year, As Restated	<u>682,358</u>	<u>682,358</u>	<u>0</u>	<u>201,111</u>	<u>201,111</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 635,691</u>	<u>\$ 298,280</u>	<u>\$ (337,411)</u>	<u>\$ 102,289</u>	<u>\$ 661,684</u>	<u>\$ 559,395</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS
CAPITAL EXPANSION FUND
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	<u>\$ 310,958</u>	<u>\$ 513,723</u>
TOTAL ASSETS	<u><u>\$ 310,958</u></u>	<u><u>\$ 513,723</u></u>
FUND BALANCES		
Fund Balances		
Restricted	<u>\$ 310,958</u>	<u>\$ 513,723</u>
TOTAL FUND BALANCES	<u><u>\$ 310,958</u></u>	<u><u>\$ 513,723</u></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, 2021 AND 2020

	2021			2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES						
Property taxes	\$ 50,000	\$ 50,000	\$ 0	\$ 50,000	\$ 50,000	\$ 0
Other local sources		10	10			
Total Revenues	<u>50,000</u>	<u>50,010</u>	<u>10</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
EXPENDITURES						
Support Services						
Operations and maintenance		252,775	(252,775)	150,000	92,352	57,648
Total Support Services	<u>0</u>	<u>252,775</u>	<u>(252,775)</u>	<u>150,000</u>	<u>92,352</u>	<u>57,648</u>
Net Change in Fund Balance	50,000	(202,765)	(252,765)	(100,000)	(42,352)	57,648
FUND BALANCE - Beginning of Year	<u>513,723</u>	<u>513,723</u>	<u>0</u>	<u>556,075</u>	<u>556,075</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 563,723</u>	<u>\$ 310,958</u>	<u>\$ (252,765)</u>	<u>\$ 456,075</u>	<u>\$ 513,723</u>	<u>\$ 57,648</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS
LONG-TERM CAPITAL IMPROVEMENT TRUST FUND
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 1,065	\$ 1,064
TOTAL ASSETS	<u>\$ 1,065</u>	<u>\$ 1,064</u>
FUND BALANCES		
Fund Balances		
Restricted	\$ 1,065	\$ 1,064
TOTAL FUND BALANCES	<u>\$ 1,065</u>	<u>\$ 1,064</u>

**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, 2021 AND 2020

	2021			2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Other local sources	\$ 9	\$ 1	\$ (8)	\$ 9	\$ 13	\$ 4
Total Revenues	<u>9</u>	<u>1</u>	<u>(8)</u>	<u>9</u>	<u>13</u>	<u>4</u>
EXPENDITURES						
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	9	1	(8)	9	13	4
FUND BALANCE - Beginning of Year	<u>1,064</u>	<u>1,064</u>	<u>0</u>	<u>1,051</u>	<u>1,051</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,073</u>	<u>\$ 1,065</u>	<u>\$ (8)</u>	<u>\$ 1,060</u>	<u>\$ 1,064</u>	<u>\$ 4</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEETS
PACKAGE-COOPERATIVE FUND
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 0	\$ 0
TOTAL ASSETS	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Payroll and related liabilities	\$ 0	\$ 0
Total liabilities		
Fund Balances		
Restricted	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0</u>	<u>\$ 0</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, 2021 AND 2020

	2021			2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Other local sources	\$ 0	\$ 126	\$ 126	\$ 0	\$ 0	\$ 0
Total Revenues	0	126	126	0	0	0
EXPENDITURES						
Other instruction		979	(979)			
Excess (deficiency) of revenues over (under) expenditures	0	(853)	(853)	0	0	0
OTHER FINANCING SOURCES (USES)						
Transfer from (to) other funds	0	853	853	0	0	0
Net Change in Fund Balance	0	0	0	0	0	0
FUND BALANCE - Beginning of Year	0	0	0	0	0	0
FUND BALANCE - END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

COMPARATIVE BALANCE SHEET
COMMUNITY SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 188,719	\$ 237,972
Accounts receivable	<u>35,000</u>	
TOTAL ASSETS	<u>\$ 223,719</u>	<u>\$ 237,972</u>
 Liabilities		
Payroll and related liabilities	\$ 13,381	\$ 9,094
Total liabilities	<u>13,381</u>	<u>9,094</u>
 Fund Balances		
Restricted	<u>210,338</u>	<u>228,878</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 223,719</u>	<u>\$ 237,972</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, 2021 AND 2020

	2021			2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes	\$ 325,000	\$ 325,000	\$ 0	\$ 225,000	\$ 225,000	\$ 0
Other local sources	211,567	122,673	(88,894)	210,314	191,112	(19,202)
Federal sources	60,300	55,000	(5,300)		205,531	205,531
Total Revenues	<u>596,867</u>	<u>502,673</u>	<u>(94,194)</u>	<u>435,314</u>	<u>621,643</u>	<u>186,329</u>
EXPENDITURES						
Support Services						
Operations and maintenance	70,936	36,453	34,483	20,600	14,487	6,113
Pupil transportation					1,041	(1,041)
Community services	<u>395,232</u>	<u>484,760</u>	<u>(89,528)</u>	<u>389,424</u>	<u>482,270</u>	<u>(92,846)</u>
Total Support Services	<u>466,168</u>	<u>521,213</u>	<u>(55,045)</u>	<u>410,024</u>	<u>497,798</u>	<u>(87,774)</u>
Total Expenditures	<u>466,168</u>	<u>521,213</u>	<u>(55,045)</u>	<u>410,024</u>	<u>497,798</u>	<u>(87,774)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>130,699</u>	<u>(18,540)</u>	<u>(149,239)</u>	<u>25,290</u>	<u>123,845</u>	<u>98,555</u>
Net Change in Fund Balance	<u>130,699</u>	<u>(18,540)</u>	<u>(149,239)</u>	<u>25,290</u>	<u>123,845</u>	<u>98,555</u>
FUND BALANCE - Beginning of Year	<u>228,878</u>	<u>228,878</u>	<u>0</u>	<u>105,033</u>	<u>105,033</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 359,577</u>	<u>\$ 210,338</u>	<u>\$ (149,239)</u>	<u>\$ 130,323</u>	<u>\$ 228,878</u>	<u>\$ 98,555</u>

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Authorizing Entity: Lodi School District (Board of Education)

Charter School Name: Ouisconsing School of Collaboration (OSC)

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
Purchased services	300	\$ 2,206
Non-capital objects	400	20,751
Other - dues/fees	900	<u>0</u>
TOTAL		<u><u>\$ 22,957</u></u>

FEDERAL AND STATE SINGLE 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, 2021**

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Federal Pass-through ID Number	Program or Award Amount	Accrued Receivable July 1, 2020	Revenues		Expenditures	Accrued Receivable June 30, 2021
					Grantor Reimbursements	Local Share		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
Wisconsin Department of Public Instruction:								
Child Nutrition Cluster								
National School Lunch Program								
Food Commodity Distribution	10.555	2021-113150-DPI-FD-547						
July 1, 2020 - June 30, 2021				\$ 0	\$ 40,216	\$ 0	\$ 40,216	\$ 0
National School Lunch Program	10.555	2021-13150-DPI-NSL-547						
July 1, 2020 - June 30, 2021					212,061		240,845	28,784
Total National School Lunch Program					252,277	0	281,061	28,784
School Breakfast Program	10.553	2021-113150-DPI-SB-546						
July 1, 2020 - June 30, 2021					107,987		113,999	6,012
Total Child Nutrition Cluster				0	360,264	0	395,060	34,796
Total U.S. Department of Agriculture				0	360,264	0	395,060	34,796
<u>U.S. DEPARTMENT OF EDUCATION</u>								
Wisconsin Department of Public Instruction:								
ESEA Title I-A	84.010	2021-113150-TIA-141						
July 1, 2019 - June 30, 2020			139,965	38,431	38,431			
July 1, 2020 - June 30, 2021			148,738		53,500		144,750	91,250
Special Education Cluster								
Special Education								
IDEA Flow Through	84.027A*	2021-113150-DPI-IDEA-FT-341						
July 1, 2019 - June 30, 2020			255,631	120,010	120,010			
July 1, 2020 - June 30, 2021			451,655				392,982	392,982
IDEA Preschool	84.173A*	2021-113150-DPI-IDEA-P-347						
July 1, 2019 - June 30, 2020			12,244	12,119	12,119			
July 1, 2020 - June 30, 2021			13,027				13,028	13,028
Total Special Education Cluster				132,129	132,129	0	406,010	406,010
Title IIA								
	84.367A	2021-113150-TIIA-365						
July 1, 2019 - June 30, 2020			30,963	14,962	14,962			
July 1, 2020 - June 30, 2021			34,744				34,745	34,745

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Federal Pass-through ID Number	Program or Award Amount	Accrued Receivable July 1, 2020	Revenues		Expenditures	Accrued Receivable June 30, 2021
					Grantor Reimbursements	Local Share		
U.S. DEPARTMENT OF EDUCATION								
Wisconsin Department of Public Instruction:								
ESEA - Title IV - A Public	84.424A	2021-113150-DPI-TIV-A-381						
July 1, 2019 - June 30, 2020			10,000	\$ 4,650	\$ 4,650	\$ 0	\$ 0	\$ 0
July 1, 2020 - June 30, 2021			18,660				12,460	12,460
Covid-19 Elementary & Secondary School Emergency Relief	84.425D	2021-113150-DPI-ESSERF-160	96,727		83,938		96,727	12,789
Pass-through Johnson Creek School District								
Title III - ELL	84.365	2021-113150-DPI-TIIIA-391						
July 1, 2019 - June 30, 2020			3,570	3,755	3,755			
July 1, 2020 - June 30, 2021			4,144				4,144	4,144
Pass-through CESA 5								
Carl Perkins	84.048	2021-113150-DPI-CTE-400						
July 1, 2020 - June 30, 2021			4,898		4,898		4,898	
Total U. S. Department of Education				193,927	336,263	0	703,734	561,398
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
Medicaid Cluster								
Medical Assistance Program	93.778	44229500						
July 1, 2020 - June 30, 2021			N/A		99,964		107,257	7,293
Total Medicaid Cluster				0	99,964	0	107,257	7,293
Drug Free Communities Grant								
September 30, 2019 - September 29, 2020	93.276				20,000		55,000	35,000
Total U.S. Department of Health and Human Services				0	119,964	0	162,257	42,293
TOTAL FEDERAL ASSISTANCE				\$ 193,927	\$ 816,491	\$ 0	\$ 1,261,051	\$ 638,487

* Major Program

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Administering Agency Pass-Through Agency Award Description	State I.D. Number	State Pass-through ID Number	Accrued Receivable July 1, 2020	Revenues Grantor Reimbursements	Expenditures	Accrued Receivable June 30, 2021
<u>WISCONSIN DEPT. OF PUBLIC INSTRUCTION</u>						
Entitlement Programs						
Major State Programs						
Special Education and School Age Parents	255.101	113150-100				
Internal District Programs			\$ 0	\$ 906,694	\$ 906,694	\$ 0
Transit of Aid from CESA 5				3,241	3,241	
Pupil Transportation	255.107	113150-102		46,364	46,364	
Per Pupil Aid	255.945	113150-113		1,085,546	1,085,546	
General Equalization	255.201	113150-116	78,498	5,346,747	5,352,827	84,578
Total Major State Programs			78,498	7,388,592	7,394,672	84,578
<u>WISCONSIN DEPT. OF PUBLIC INSTRUCTION</u>						
Entitlement Programs						
Nonmajor State Programs						
Common School Fund Library Aid	255.103	113150-104		63,760	63,760	
State School Lunch Aid	255.102	113150-107		5,689	5,689	
High Cost Special Education	255.210	113150-119		739	739	
Aid for School Mental Health Programs	255.227	113150-176		5,712	5,712	
Supplemental Per Pupil Aid	255.245	113150-181		4,446	4,446	
School Based Mental Health Service Grant	255.297	113150-177		12,980	54,980	42,000
State School Breakfast Aid	255.344	113150-108		4,809	4,809	
Early College Credit Program	255.445	113150-178		1,019	1,019	
Career and Technical Educ Incentive Grants	255.950	113150-171		10,369	10,369	
Assessments of Reading Readiness	255.956	113150-166		1,782	1,782	
Transition Readiness Grant	255.257	113150-174			25,000	25,000
Peer Review and Mentoring Grant	255.301	113150-141				
Transit of Aid from Mauston School District			6,203	6,203	8,625	8,625
<u>WISCONSIN DEPT. OF JUSTICE</u>						
Entitlement Programs						
Nonmajor State Programs						
School Safety Initiative	455.206	14242		18,616	18,616	
Safety Initiative	455.206	13711		9,212	9,212	
<u>WISCONSIN DEPT. OF REVENUE</u>						
Entitlement Programs						
Nonmajor State Programs						
Youth Apprenticeship - Pass through CESA 5	N/A	N/A		1,400	1,400	
Personal Property Aid	N/A	N/A		14,195	14,195	
Payment in Lieu of Taxes	N/A	N/A		34,912	34,912	
Computer Aid	N/A	N/A	2,909	2,909	2,909	2,909
Total Nonmajor State Programs			9,112	198,752	268,174	78,534
TOTAL STATE ASSISTANCE			\$ 87,610	\$ 7,587,344	\$ 7,662,846	\$ 163,112

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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

2020-2021 eligible costs under the State Special Education Program are \$3,004,050.

NOTE 3 DE MINIMIS COST RATE

The District has elected not to use the 10% de minimis cost rate.

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 2021-001 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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
December 2, 2021

MILLER, BRUSSELL, EBBEN AND GLAESKE LLC

CERTIFIED PUBLIC ACCOUNTANTS

611 E WISCONSIN ST

PORTAGE, WISCONSIN

53901

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

Board of Education
Lodi School District
Lodi, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Lodi School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Lodi School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Lodi School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance 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 major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider 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 schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Education
Lodi School District
Page Three

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

Miller, Brussell, Ebben and Glaeske LLC

Portage, Wisconsin
December 2, 2021

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

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

Noncompliance material to the financial statements? Yes X No

Federal Awards

Internal control over financial reporting:

Material weakness identified? Yes X No

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major federal award programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.173A	IDEA Preschool
84.027A	IDEA Flow Through

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

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

State Awards

Dollar threshold used to distinguish between Type A and Type B Programs: \$250,000

Internal control over financial reporting:

Material weakness identified? Yes X No

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

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

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

Identification of major state programs:

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

Section II - Financial Statement Findings

Financial Statement Significant Deficiencies

2021-001 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.

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 2021-001.

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Section III - State Award Findings and Questioned Costs

Federal and State Awards Significant Deficiencies

2021-002 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.

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 2021-002.

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines?

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Section IV - Other Issues (continued)

Department of Public Instruction No

Was a management letter or other document conveying
audit comments issued as a result of this audit? No

Miller, Brussell, Ebben and Glaeske LLC

Craig Corning
Portage, Wisconsin
December 2, 2021



District Office
115 School Street
Phone: 608.592.3851
Fax: 608.592.3852

High School (9-12)
1100 Sauk Street
Phone: 608.592.3853
Fax: 608.592.1045

Middle School (6-8)
900 Sauk Street
Phone: 608.592.3854
Fax: 608.592.1035

Elementary School (1-5)
101 School Street
Phone: 608.592.3842
Fax: 608.592.1025

Primary School (Pre-K/K-2)
1307 Sauk Street
Phone: 608.592.3855
Fax: 608.592.1015

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

Wisconsin Department of Public Instruction

The Lodi School District respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Miller, Brussell, Ebben and Glaeske, LLC
611 East Wisconsin Street
Portage, WI 53901

Audit period - June 30, 2021

The findings from the June 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings-Financial Statement Audit

Significant Deficiency 2021-001 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.

Findings-Federal and State Awards Program Audits

Significant Deficiency 2021-002 Financial Reporting for Federal and State Assistance

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

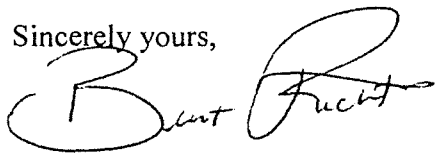
Corrective Action Planned - Management and the Board will continue to designate competent staff to oversee and review the schedule of expenditures of federal and state awards and approve them before

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.

If the Wisconsin Department of Public Instruction has questions regarding the plan, please contact Brent Richter at 608-592-3851 or e-mail richtbr@lodi-schools.wi.org.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Brent Richter", written over a horizontal line.

Business Manager

**LODI SCHOOL DISTRICT
LODI, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

2020-001 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.

2020-002 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.