

**LODI SCHOOL DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Lodi School District
Lodi, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matter Regarding Prior Period Adjustments

As discussed in Note 3.E. to the financial statements, the District restated beginning balances of the governmental activities and general fund to correct an error that occurred in a prior year. See Note 3.E. for further description of these restatements. Our opinions are not modified with respect to this matter.

Emphasis-of-Matter Regarding Implementation of a New Standard

As discussed in Note 1 to the financial statements, in 2024, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*, defines accounting changes, prescribes accounting and financial reporting for accounting changes and error corrections, and prescribes required note disclosures. The District adopted the requirements of the guidance effective July 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption as stated in Note 3.E.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the WRS and stipend pension schedules, and the OPEB schedules are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Government 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 opinions on the basic financial statements are not affected by this missing information.

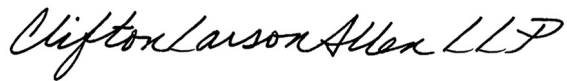
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor governmental fund financial statements, the schedule of charter school authorizer operating costs, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state awards, as required by the Wisconsin *State Single Audit Guidelines* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. In our opinion, the combining nonmajor governmental fund financial statements, the schedule of charter school authorizer operating costs, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education
Lodi School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Middleton, Wisconsin
December 13, 2024

BASIC FINANCIAL STATEMENTS

**LODI SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$ 8,863,619	\$ 93,543	\$ 8,957,162
Investments	372,635	-	372,635
Property Taxes Receivable	4,690,906	-	4,690,906
Due from Other Governments	375,061	-	375,061
Inventories	-	4,789	4,789
Capital Assets:			
Capital Assets not Being Depreciated	1,012,146	-	1,012,146
Capital Assets, net of Depreciation and Amortization	34,942,639	12,580	34,955,219
Total Assets	50,257,006	110,912	50,367,918
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to Supplemental Pension	47,794	-	47,794
Deferred Amounts Related to Pensions	7,764,328	44,331	7,808,659
Deferred Amounts Related to OPEB	59,452	-	59,452
Total Deferred Outflows of Resources	7,871,574	44,331	7,915,905
LIABILITIES			
Accounts Payable	308,786	15,579	324,365
Accrued Salaries and Related Benefits	934,681	1,615	936,296
Due to Fiduciary Funds	723	-	723
Unearned Revenue	-	26,024	26,024
Accrued Interest	91,372	-	91,372
Long-Term Liabilities:			
Due Within One Year:			
Bonds Payable	870,000	-	870,000
Notes Payable	54,708	-	54,708
Financed Purchases	43,499	-	43,499
Compensated Absences	39,000	-	39,000
Due in More than a Year:			
Bonds Payable, Net	8,289,902	-	8,289,902
Notes Payable	296,938	-	296,938
Financed Purchases	19,669	-	19,669
Compensated Absences	254,437	-	254,437
Total Supplement Pension	941,052	-	941,052
Net Pension Liability	912,506	5,210	917,716
Total OPEB Liability	102,376	-	102,376
Total Liabilities	13,159,649	48,428	13,208,077
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts Related to Supplemental Pension	85,014	-	85,014
Deferred Amounts Related to Pensions	4,875,278	27,836	4,903,114
Deferred Amounts Related to OPEB	162,808	-	162,808
Total Deferred Inflows of Resources	5,123,100	27,836	5,150,936
NET POSITION			
Net Investment in Capital Assets	26,305,005	12,580	26,317,585
Restricted for:			
Capital Projects	2,739,531	-	2,739,531
Special Revenue Trust	312,194	-	312,194
Community Service Fund	736,180	-	736,180
Debt Service Fund	104,908	-	104,908
Food Service	-	66,399	66,399
Unrestricted	9,648,013	-	9,648,013
Total Net Position	\$ 39,845,831	\$ 78,979	\$ 39,924,810

See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instruction	\$ 15,678,743	\$ 509,141	\$ 1,770,761	\$ -	\$ (13,398,841)	\$ -	\$ (13,398,841)
Support Services	9,380,819	108,817	-	-	(9,272,002)	-	(9,272,002)
Community Services	445,287	293,508	-	-	(151,779)	-	(151,779)
Total Governmental Activities	25,504,849	911,466	1,770,761	-	(22,822,622)	-	(22,822,622)
Business-Type Activities:							
Food Service Fund	914,903	428,095	293,343	-	-	(193,465)	(193,465)
Total Business-Type Activities	914,903	428,095	293,343	-	-	(193,465)	(193,465)
Total Primary Government	<u>\$ 26,419,752</u>	<u>\$ 1,339,561</u>	<u>\$ 2,064,104</u>	<u>\$ -</u>	(22,822,622)	(193,465)	(23,016,087)
General Revenues							
Taxes:							
					13,812,164	-	13,812,164
					1,215,067	-	1,215,067
					1,780,000	-	1,780,000
					300,000	-	300,000
					9,597,118	-	9,597,118
					293,377	-	293,377
					250,029	-	250,029
					27,247,755	-	27,247,755
CHANGE IN NET POSITION					4,425,133	(193,465)	4,231,668
Net Position - Beginning, As Originally Reported					35,231,868	272,444	35,504,312
Restatement					188,830	-	188,830
Net Position - Beginning, as Restated					35,420,698	272,444	35,693,142
NET POSITION - END OF YEAR					\$ 39,845,831	\$ 78,979	\$ 39,924,810

See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Capital Expansion	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,944,416	\$ 2,740,203	\$ 1,179,000	\$ 8,863,619
Investments	294,822	-	77,813	372,635
Receivables:				
Property Taxes	4,690,906	-	-	4,690,906
Due from Other Governments	375,061	-	-	375,061
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 10,305,205</u>	<u>\$ 2,740,203</u>	<u>\$ 1,256,813</u>	<u>\$ 14,302,221</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 230,396	\$ 76,877	\$ 1,513	\$ 308,786
Accrued Salaries and Related Benefits	925,176	-	9,505	934,681
Due to Fiduciary Funds	723	-	-	723
Total Liabilities	<u>1,156,295</u>	<u>76,877</u>	<u>11,018</u>	<u>1,244,190</u>
FUND BALANCES				
Restricted:				
Special Revenue Trust	-	-	312,194	312,194
Capital Projects	-	2,663,326	1,141	2,664,467
Community Services	-	-	736,180	736,180
Debt Service	-	-	196,280	196,280
Unassigned	9,148,910	-	-	9,148,910
Total Fund Balances	<u>9,148,910</u>	<u>2,663,326</u>	<u>1,245,795</u>	<u>13,058,031</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,305,205</u>	<u>\$ 2,740,203</u>	<u>\$ 1,256,813</u>	<u>\$ 14,302,221</u>

See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balance - Governmental Funds	\$	13,058,031
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, the underlying resources are not recognized currently in the governmental funds.		35,954,785
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Deferred outflows of resources and deferred inflows of resources for pension and OPEB are applicable to future periods, and, therefore, are not reported in the governmental funds.

Deferred Outflows of Resources Related to Pensions		7,812,122
Deferred Outflows of Resources Related to OPEB		59,452
Deferred Inflows of Resources Related to Pensions		(4,960,292)
Deferred Inflows of Resources Related to OPEB		(162,808)

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

Bonds and Notes Payable		(9,131,646)
Financed Purchases		(63,168)
Unamortized Premiums and Discounts on Bonds		(379,902)
Accrued Interest Payable		(91,372)
Compensated Absences		(293,437)
Net Pension Asset (Liability)		(1,853,558)
Net OPEB Asset (Liability)		(102,376)

Net Position of Governmental Activities	\$	39,845,831
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See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General	Capital Expansion	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 13,812,164	\$ 1,780,000	\$ 1,515,067	\$ 17,107,231
Other Local Sources	405,142	-	598,701	1,003,843
Interdistrict Sources	966,298	-	399	966,697
Intermediate Sources	24,459	-	-	24,459
State Sources	9,161,731	-	17,992	9,179,723
Federal Sources	1,231,022	-	-	1,231,022
Other Sources	392,955	20,000	4,052	417,007
Total Revenues	25,993,771	1,800,000	2,136,211	29,929,982
EXPENDITURES				
Current:				
Instruction:				
Regular Instruction	9,262,899	-	9,064	9,271,963
Vocational Instruction	583,105	-	1,829	584,934
Special Instruction	3,330,454	-	-	3,330,454
Co-Curricular Activities	599,030	-	146,193	745,223
Physical Curriculum	513,240	-	-	513,240
Total Instruction	14,288,728	-	157,086	14,445,814
Support Services:				
Pupil Services	992,433	-	-	992,433
Instructional Staff Services	1,246,325	-	8,652	1,254,977
General Administration Services	476,710	-	-	476,710
Building Administration Services	1,192,146	-	12,622	1,204,768
Business Services	544,190	-	-	544,190
Operation and Maintenance	3,006,868	1,058,391	35,977	4,101,236
Pupil Transportation	1,407,183	-	-	1,407,183
Central Services	55,239	-	-	55,239
Insurance	202,362	-	-	202,362
Other Support Services	728,648	84,735	9,541	822,924
Total Support Services	9,852,104	1,143,126	66,792	11,062,022
Community Services	3,143	-	453,628	456,771
Debt Service:				
Principal	121,378	-	918,214	1,039,592
Interest	9,070	-	310,777	319,847
Total Debt Service	130,448	-	1,228,991	1,359,439
Total Expenditures	24,274,423	1,143,126	1,906,497	27,324,046
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,719,348	656,874	229,714	2,605,936
OTHER FINANCING SOURCES (USES)				
Transfers In	61,777	-	-	61,777
Transfers Out	-	-	(61,777)	(61,777)
Total Other Financing Sources (Uses)	61,777	-	(61,777)	-
NET CHANGE IN FUND BALANCES	1,781,125	656,874	167,937	2,605,936
Fund Balance - Beginning, As Originally Reported	7,178,955	2,006,452	1,077,858	10,263,265
Adjustment	188,830	-	-	188,830
Fund Balance - Beginning, As Adjusted	7,367,785	2,006,452	1,077,858	10,452,095
FUND BALANCES - END OF YEAR	<u>\$ 9,148,910</u>	<u>\$ 2,663,326</u>	<u>\$ 1,245,795</u>	<u>\$ 13,058,031</u>

See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balance - Governmental Funds	\$	2,605,936
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for Capital Assets		1,856,971
Current Year Depreciation and Amortization		(1,351,096)

Debt proceeds provide current financial resources for governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued. These amounts are deferred and amortized in the statement of activities.

Principal Payments on Bonds		918,214
Financed Purchase Arrangement Payments		121,378
Amortization of Premiums and Loss on Advance Refunding		(59,615)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.

Accrued Interest on Long-Term Debt		11,438
Compensated Absences		38,811
Net Pension Liability (Asset)		2,443,771
Deferred Outflows of Resources Related to Pensions		(4,155,641)
Deferred Inflows of Resources Related to Pensions		1,984,222
Other Postemployment Benefits		(9,900)
Deferred Outflows of Resources Related to Other Postemployment Benefits		(9,976)
Deferred Inflows of Resources Related to Other Postemployment Benefits		30,620

Change in Net Position of Governmental Activities	\$	4,425,133
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**LODI SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

	Business-Type Activities - Enterprise Fund
	<u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 93,543
Inventories	<u>4,789</u>
Total Current Assets	98,332
NONCURRENT ASSETS	
Capital Assets (Net of Accumulated Depreciation):	
Equipment and Furniture	149,878
Less: Accumulated Depreciation	<u>(137,298)</u>
Net Capital Assets	<u>12,580</u>
Total Noncurrent Assets	<u>12,580</u>
Total Assets	110,912
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amounts Related to Pensions	44,331
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	15,579
Accrued Salaries and Related Benefits	1,615
Unearned Revenues	<u>26,024</u>
Total Current Liabilities	43,218
NONCURRENT LIABILITIES	
Net Pension Liability	5,210
Total Liabilities	48,428
DEFERRED INFLOWS OF RESOURCES	
Deferred Amounts Related to Pensions	27,836
NET POSITION	
Net Investment in Capital Assets	12,580
Restricted of Food Service	<u>66,399</u>
Total Net Position	<u><u>\$ 78,979</u></u>

See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Business-Type Activities - Enterprise Fund
	<u>Food Service Fund</u>
OPERATING REVENUES	
Food Sales	\$ 428,095
State Sources	8,853
Federal Sources	<u>284,490</u>
Total Operating Revenues	721,438
OPERATING EXPENSES	
Salaries and Wages	79,909
Employer Paid Benefits	34,596
Supplies, Food, and Materials	370,252
Purchased Services	397,802
Other	17,262
Depreciation and Amortization	<u>15,082</u>
Total Operating Expenses	<u>914,903</u>
OPERATING LOSS	(193,465)
Net Position - Beginning of Year	<u>272,444</u>
NET POSITION - END OF YEAR	<u><u>\$ 78,979</u></u>

See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 430,668
Cash received from other government payments	295,784
Cash payments to employees for services	(113,164)
Cash payments to suppliers for goods and services	(798,014)
Net Cash Used by Operating Activities	(184,726)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(184,726)
Cash and Cash Equivalents - Beginning of Year	278,269
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 93,543</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (193,465)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	
Depreciation and Amortization	15,082
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
(Increase) Decrease in:	
Accounts Receivable	2,573
Due from Other Governments	2,627
Inventories	1,242
Deferred Outflows of Resources Related to Pensions	28,694
Increase (Decrease) in:	
Accounts Payable	(13,940)
Accrued Liabilities	1,615
Unearned Revenues	(186)
Net Pension Liability	(14,833)
Deferred Inflows of Resources Related to Pensions	(14,135)
Net Cash Used by Operating Activities	<u>\$ (184,726)</u>

See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

	<u>Private Purpose Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 174,359
Investments	2,408,496
Due from Primary Government	<u>723</u>
Total Assets	2,583,578
FIDUCIARY NET POSITION	
Restricted for:	
Scholarships	<u>2,583,578</u>
Total Fiduciary Net Position	<u><u>\$ 2,583,578</u></u>

See accompanying notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024**

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Investment Income	<u>\$ 218,571</u>
DEDUCTIONS:	
Scholarships Awarded	<u>29,081</u>
Total Deductions	<u>29,081</u>
CHANGE IN FIDUCIARY NET POSITION	189,490
Total Fiduciary Net Position - Beginning of Year	<u>2,394,088</u>
TOTAL FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 2,583,578</u></u>

See accompanying notes to Basic Financial Statements.

LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below:

A. Reporting Entity

The District is organized as a common school district. The District, governed by an elected seven-member board, operates grades K through 12 and is comprised of all or parts of nine taxing districts. In accordance with U.S. GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not included among program revenues are reported instead as general revenues.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Government-Wide Financial Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the District's enterprise fund and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its 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 nonmajor funds in separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District's enterprise funds charges for services to customers. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major governmental funds:

General Fund

The General Fund is the District's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund.

Capital Expansion Fund

The Capital Expansion Fund accounts for the capital project expenditures financed through bonds, promissory notes, land contracts, tax levies, and other sources of restricted revenue.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Fund Financial Statements (Continued)

The District reports the following major enterprise funds:

Food Service Fund

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

Additionally, the District reports the following fund types:

Fiduciary Fund Types

Private-Purpose Trust Fund

The Private-Purpose Trust Fund accounts for assets held that were accumulated from donations that are used to pay scholarships by the District in a trustee capacity for individuals, private organizations, and other governmental units.

D. Measurement Focus and Basis of Accounting

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

The government-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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and asset retirement obligations are recognized to the extent they have matured. General capital asset acquisitions, including entering into contracts giving the District the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, other local sources, interdistrict sources, intermediate sources, state sources, federal sources, and other sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash balances, unless a separate account is required, are pooled for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund.

For purposes of the statement of cash flows, the District's proprietary funds consider demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also considered a cash equivalent.

2. Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

3. Property Tax Levy

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for nonpayment of a scheduled installment, and full receipt of the entire levy is assured within 60 days of fiscal year-end, meeting the availability criteria necessary for property tax revenue recognition by U.S. GAAP.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Accounts Receivable

All trade and other receivables are shown net of allowances for uncollectible amounts. Receivables are analyzed for their collectability based on the terms and conditions of agreements, as well as current economic conditions and consideration of the creditors ability to pay. In addition to those receivables specifically identified as uncollectible, a general allowance is established for receivables older than one year.

5. Interfund Balances

Activity between funds that is representative of lending or borrowing arrangements is reported as either "due to/from other funds" (current portion) or "advances to/from other funds (noncurrent portion)." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

6. Inventories and Prepaid Items

Inventories consist principally of materials and supplies held for consumption and are recorded at cost using the first in-first out method for governmental funds and at the lower of average cost or net realizable value for proprietary funds. In the governmental funds, the cost of inventories are recorded as expenditures at the time of purchase, while in the proprietary funds, the cost of inventories are recorded as an expense when consumed. In the governmental funds, reported inventories are classified as nonspendable fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the governmental funds, reported prepaid items are classified as nonspendable fund balance.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets, except for infrastructure assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets are capitalized and reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend its life are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital Asset Class</u>	<u>Lives</u>
Buildings	7-50
Improvements	7-50
Furniture and Equipment	5-20

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The District does not report any right-to-use assets as of June 30, 2024.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. The District does not report any SBITA assets as of June 30, 2024.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 2.F. and 2.G.

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The District's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 2.F. and 2.G.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The District may report deferred inflows of resources related to unavailable revenues for property taxes, other local sources, interdistrict sources, intermediate sources, state sources, federal sources, and other sources. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

10. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual and sick leave balances.

11. Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net pension liability (asset),
- Deferred outflows of resources and deferred inflows of resources related to pensions,
- Pension expense (revenue)

Information about the fiduciary net position of the 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.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB defined benefit plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

13. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. Contributions to this plan are entirely from the employee voluntary contributions. The District makes no employer contributions to this plan.

14. Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance - Consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance - Consists of amounts that can be spent only for specific purposes because of constraints imposed by external resource providers (creditors, grantors contributors or laws or regulations of other governments) or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance - Consists of amounts that can be used only for the specific purposes determined by a formal action (resolution) of the District's Board, the District's highest decision-making level of authority. Commitments may be changed or lifted only by the Board taking the same formal action that originally imposed the constraint.

Assigned Fund Balance - Consists of amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. Intent may be expressed either by the Board or officials to which the Board has delegated authority.

Unassigned Fund Balance - Consists of the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Any deficit fund balance within the other governmental fund types is reported as unassigned.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

15. Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position - Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

Unrestricted Net Position - Is the amount of net position that does not meet the definition of the two preceding categories.

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

16. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

17. Adoption of New Accounting Standards

GASB Statement No. 100, *Accounting Changes and Error Corrections*

GASB Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, defines accounting changes, prescribes accounting and financial reporting for accounting changes and error corrections, and prescribes required note disclosures.

The District adopted the requirements of the guidance effective July 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. All other funds share in common bank and investment accounts. Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$11,912,652 on June 30, 2024 as summarized below:

Description	Book Balance	Financial Institution Balance
Petty Cash	\$ 5,788	\$ -
Demand Deposits	9,125,733	9,409,070
Certificates of Deposits	199,002	199,002
Wisconsin Investment Series Cooperative:		
Cash Management Series	5,451	5,451
Investment Series	168,182	168,182
U.S. Equities	2,408,496	2,408,496
	<u>\$ 11,912,652</u>	<u>\$ 12,190,201</u>

Reconciliation to the basic financial statements:

Reconciliation to the Statement of Net Position:

Government Activities	\$ 9,236,254
Business-Type Activities	93,543
Fiduciary Activities	2,582,855
Total	<u>\$ 11,912,652</u>

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurement as of June 30, 2024:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposits	\$ 199,002	\$ -	\$ 199,002	\$ -
U.S. Equities	2,408,496	2,408,496	-	-
Total	<u>\$ 2,607,498</u>	<u>\$ 2,408,496</u>	<u>\$ 199,002</u>	<u>\$ -</u>

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District's deposits and investments and the related risks.

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.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2024, \$8,759,070 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. The District has \$3,476,134 collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name. The remaining \$4,632,936 is uninsured and uncollateralized.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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 investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

<u>Description</u>	<u>Total</u>	<u>AAAm</u>	<u>Not Rated</u>
Certificates of Deposits	\$ 199,002	\$ -	\$ 199,002
Wisconsin Investment Series Cooperative:			
Cash Management Series	5,451	5,451	-
Investment Series	168,182	168,182	-
Total	<u>\$ 372,635</u>	<u>\$ 173,633</u>	<u>\$ 199,002</u>

Concentration of Credit Risk

At June 30, 2024, the District had an investment in Apple, Inc. stock in the amount of \$2,358,944, which represents 97.94 percent of the investments in the Private Purpose Trust Fund.

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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Description</u>	<u>Total</u>	<u>< 12 Months</u>	<u>12-24 Months</u>	<u>24-36 Months</u>	<u>36-48 Months</u>
Certificates of Deposits	\$ 199,002	\$ 98,677	\$ 100,325	\$ -	\$ -
Wisconsin Investment Series Cooperative:					
Cash Management Series	5,451	5,451	-	-	-
Investment Series	168,182	168,182	-	-	-
Total	<u>\$ 372,635</u>	<u>\$ 272,310</u>	<u>\$ 100,325</u>	<u>\$ -</u>	<u>\$ -</u>

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Investment Series Cooperation

WISC was established in 1988 by school officials pursuant to an Intergovernmental Cooperation Agreement designed specifically for investment of funds by participating Wisconsin Public entities. It is governed by a board of commissioners comprised of superintendents and business officials participating entities. The investment objective of the Fund is to provide a competitive yield for participants while maintaining liquidity and preserving capital by investing only in securities and instruments in which public entities are permitted to invest by Wisconsin law. The Commission has contracted with US Bank to act as its investment advisor and with PMA Financial Network, Inc. (PMA) to administer the Fund.

LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital assets activity for the year ended June 30, 2024, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 214,307	\$ -	\$ -	\$ 214,307
Construction in progress	443,333	797,839	443,333	797,839
Total capital assets not being depreciated	657,640	797,839	443,333	1,012,146
Capital assets being depreciated:				
Land Improvements	668,043	1,050,647	-	1,718,690
Buildings and improvements	61,639,132	326,040	-	61,965,172
Furniture and equipment	2,268,955	125,778	-	2,394,733
Total capital assets being depreciated	64,576,130	1,502,465	-	66,078,595
Less accumulated depreciation for:				
Land Improvements	300,143	91,515	-	391,658
Buildings and improvements	28,083,632	1,074,767	-	29,158,399
Furniture and equipment	1,401,085	184,814	-	1,585,899
Total accumulated depreciation	29,784,860	1,351,096	-	31,135,956
Total capital assets being depreciated, net	34,791,270	151,369	-	34,942,639
Total capital assets, net	\$ 35,448,910	\$ 949,208	\$ 443,333	\$ 35,954,785
Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Furniture and equipment	\$ 149,878	\$ -	\$ -	\$ 149,878
Total capital assets being depreciated	149,878	-	-	149,878
Less accumulated depreciation for:				
Furniture and equipment	122,216	15,082	-	137,298
Total accumulated depreciation	122,216	15,082	-	137,298
Total capital assets being depreciated, net	27,662	(15,082)	-	12,580
Total capital assets, net	\$ 27,662	\$ (15,082)	\$ -	\$ 12,580

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

For the year ended June 30, 2024, depreciation and amortization expense has been charged to the following functions:

Instruction	\$ 49,991
Support services	257,249
Depreciation - unallocated	1,043,857
Total depreciation for governmental activities	<u>\$ 1,351,096</u>

C. Interfund Receivables, Payables and Transfers

The District did not report any interfund receivables or payables as of June 30, 2024.

The District reported interfund transfers from the general fund to the community service fund and the package cooperative fund in the amount of \$51,000 and \$10,777, respectively, totaling \$61,777, for the year ended June 30, 2024. The transfers were done for the purpose of cost recovery.

D. Short-Term Obligations

On November 7, 2023, the District issued a taxable tax and revenue anticipation promissory note, which gave the District the ability to borrow up to \$1,500,000. The interest rate on the note adjusts monthly based on the Associated Bank Prime Rate less 0.50% with a floor of 5.00% and a ceiling of 12.00%. The note matures November 1, 20224 with all outstanding principal as of that date being due. The District made no draws on the note during the year ended June 30, 2024.

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2024:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Refunding Bonds, Series 2017	\$ 3,525,000	\$ -	\$ -	\$ 3,525,000	\$ -
General Obligation School Building Bond, Series 2017	6,120,000	-	865,000	5,255,000	870,000
State Trust Fund Loan - Direct Placement	404,860	-	53,214	351,646	54,708
Bond Premium	482,720	-	102,818	379,902	90,940
Bond Discount	(162,433)	-	(162,433)	-	-
Total Bonds and Notes	10,370,147	-	858,599	9,511,548	1,015,648
Financed Purchase Arrangements	184,546	-	121,378	63,168	43,499
Compensated Absences	332,248	-	38,811	293,437	39,000
Total Governmental Activities	<u>\$ 10,886,941</u>	<u>\$ -</u>	<u>\$ 1,018,788</u>	<u>\$ 9,868,153</u>	<u>\$ 1,098,147</u>

Bonds and notes principal and interest are paid by the District Debt Service Fund. Financed Purchase Arrangements and Compensated absences are liquidated by the District General Fund.

Total interest paid during the year on long-term debt totaled \$309,827.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 6/30/2024</u>
General Obligation Refunding Bonds, Series 2017	3/1/2017	3.25-3.75%	9/1/2036	\$ 9,095,000	\$ 3,525,000
General Obligation School Building Bond, Series 2017	5/30/2017	2.00-3.00%	3/1/2030	12,010,000	5,255,000
State Trust Fund Loan - Direct Placement	9/1/2020	2.75%	3/15/2030	500,000	351,646
Total General Obligation Debt					<u>\$ 9,131,646</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$9,131,646 on June 30, 2024 are detailed below:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 924,708	\$ 282,383	\$ 1,207,091
2026	971,213	254,779	1,225,992
2027	1,007,758	225,783	1,233,541
2028	1,049,333	195,708	1,245,041
2029	1,170,978	164,363	1,335,341
2030-2033	4,007,656	287,536	4,295,192
Total	<u>\$ 9,131,646</u>	<u>\$ 1,410,552</u>	<u>\$ 10,542,198</u>

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2024 was \$186,088,844 as follows:

Equalized value certified by Wisconsin Department of Revenue for 2023	<u>\$ 1,952,204,896</u>
Margin of indebtedness at 10 percent	\$ 195,220,490
*Deduct long-term debt applicable to debt margin	<u>(9,131,646)</u>
Margin of indebtedness	<u>\$ 186,088,844</u>

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Financed Purchased Agreements

Financed purchase agreements currently outstanding is detailed as follows:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 6/30/2024</u>
Financed Purchase Arrangement, Chromebooks	7/1/2020	6.67%	6/1/2024	\$ 60,900	\$ 24,683
Financed Purchase Arrangement, Chromebooks	4/15/2022	6.54%	6/1/2026	72,600	38,664
Financed Purchase Arrangement, Chromebooks	6/6/2022	6.58%	6/1/2026	67,155	35,776
Total General Obligation Debt					<u>\$ 99,123</u>

Annual principal and interest maturities of the outstanding financed purchase agreements of \$63,168 on June 30, 2024 are detailed below:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 43,499	\$ 2,691	\$ 46,190
2026	19,669	671	20,340
Total	<u>\$ 63,168</u>	<u>\$ 3,362</u>	<u>\$ 66,530</u>

F. Pension Plans

1. WRS Pension Plan Description

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Vesting

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

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 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 occupation employees) 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. The WRS also provides death and disability benefits for employees.

Postretirement 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>
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (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, and executives and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the 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 year ending June 30, 2024, the WRS recognized \$823,326 in contributions from the District.

Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.80%	6.80%
Protective with social security	6.80%	13.20%
Protective without social security	6.80%	18.10%

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

At June 30, 2024, the District reported a liability of \$917,716 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the District's proportion was 0.06172402%%, which was a decrease of 0.00033451% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$642,599.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 3,700,223	\$ 4,900,968
Net differences between projected and actual earning on pension plan investments	3,198,093	-
Changes in assumptions	400,006	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,610	2,146
District contributions subsequent to the measurement date	<u>476,727</u>	<u>-</u>
Total	<u><u>\$ 7,808,659</u></u>	<u><u>\$ 4,903,114</u></u>

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

The \$476,727 reported as deferred outflows related to pension resulting from the District'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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amortization of Deferred Outflows and Inflows (Net)</u>
2025	\$ 500,939
2026	527,446
2027	2,014,904
2028	(614,471)
2029	-

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2022
Measurement Date of Net Pension Liability (Asset)	December 31, 2023
Experience Study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actual Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-term Expected Rate of Return	6.80%
Discount Rate	6.80%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10-5.60%
Mortality	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.70%

*No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

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 allocation¹ and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Asset Allocation %	Long-term Expected Nominal Rate of Return	Long-term Expected Real Rate of Return %
Public Equities	40.00%	7.30%	4.50%
Public Fixed Income	27.00%	5.80%	3.00%
Inflation Sensitive	19.00%	4.40%	1.70%
Real Estate	8.00%	5.80%	3.00%
Private Equity/Debt	18.00%	9.60%	6.70%
Leverage	-12.00%	3.70%	1.00%
Total Core Fund	100.00%	7.40%	4.60%
Variable Fund Asset Class			
US Equities	70.00%	6.80%	4.00%
International Equities	30.00%	7.60%	4.80%
Total Variable Fund	100.00%	7.30%	4.50%

- (1) Asset allocations are managed within established ranges; target percentages may differ from actual monthly allocations.
- (2) New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.7%
- (3) The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%

Single Discount Rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (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, 2023. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate 5.80%	Current Discount Rate 6.80%	1% Increase to Discount Rate 7.80%
Lodi School District's proportionate share of the net pension liability (asset)	<u>\$ 8,870,172</u>	<u>\$ 917,716</u>	<u>\$ (4,646,953)</u>

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>.

Payable to the Supplemental Pension Plan

At June 30, 2024, the District reported \$400,719 payable to the plan.

2. Supplemental Pension Plan

Pension Description

The plan, a single-employer pension plan, is a defined benefit pension plan established to provide a cash stipend to some retirees. The plan is administered by the District. The plan does not issue separate financial statements.

Employees Covered by Benefit Terms

As of the June 30, 2022 valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	40
Active Employees	<u>209</u>
Total	<u><u>249</u></u>

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, 2024.

LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

2. Supplemental Pension Plan (Continued)

Contributions

The 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 plan year ended June 30, 2023, the District's average contribution rate was 0.0 percent of employee-covered payroll to the plan. Employees are not required to contribute to the plan.

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

Component	Amount
Total Pension Liability at July 1, 2023	\$ 1,029,695
Changes for the Year:	
Service Cost	39,441
Interest	38,732
Changes of Benefit Terms	-
Differences between Expected and Actual	-
Changes of Assumptions or Other Input	(4,594)
Benefit Payments	<u>(162,222)</u>
Net Changes	<u>(88,643)</u>
Total Pension Liability at June 30, 2024	<u><u>\$ 941,052</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$71,314.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 35,181	\$ 37,378
Changes in Assumptions	12,613	47,636
Total	<u><u>\$ 47,794</u></u>	<u><u>\$ 85,014</u></u>

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

2. Supplemental Pension Plan (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2024	\$ (6,859)
2025	(6,859)
2026	(6,858)
2027	(15,880)
2028	(764)
Thereafter	-
Total	<u>\$ (37,220)</u>

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023.

The total pension liability in the June 30, 2022 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, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Discount Rate	4.13%
Municipal Bond Rate Source	S&P Municipal Bond 20 Year High Grade Index
Actuarial Assumptions	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20
Inflation	2.50%
Mortality	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

2. Supplemental Pension Plan (Continued)

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate.

The following presents the District's net pension liability at June 30, 2023 calculated using the discount rate of 4.13%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate.

	1% Decrease to Discount Rate 3.13%	Current Discount Rate 4.13%	1% Increase to Discount Rate 5.13%
Total Pension Liability	\$ 976,737	\$ 941,052	\$ 906,224

The sensitivity of the District's total pension liability was determined based on the actuarial date while the net pension liability of \$941,052 was based on the District's fiscal year ended June 30, 2023.

Payable to the Supplemental Pension Plan

At June 30, 2024, the District reported no payables to the plan.

G. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

The District has elected to make payments on a pay as you go basis.

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	44
Active Employees	223
Total	<u>267</u>

Contributions

The 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, 2023, the District's average contribution rate was 0.0 percent of employee-covered payroll to the plan. Employees are not required to contribute to the plan.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

The total OPEB liability in the June 30, 2022 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, 2022
Measurement Date	June 30, 2023
Reporting Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal - Level Percent of Salary
Inflation	2.50%
Discount Rate	4.13%
Healthcare Cost Trend Rates	7.00% decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter

Mortality rates are the same as those used in the Wisconsin 2020 Mortality Table.

The actuarial assumptions used in the June 30, 2022 valuation were based on the "Wisconsin Retirement System 2018 - 2020 Experience Study."

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%, which is an increase 4.00% used in the prior measurement date.. 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.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability
Balance at 6/30/2022	\$ 92,476
Changes for the year:	
Service cost	6,911
Interest	3,837
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(848)
Benefit payments	-
Net changes	9,900
Balance at 6/30/2023	<u>\$ 102,376</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease to Discount Rate 3.13%	Current Discount Rate 4.13%	1% Increase to Discount Rate 5.13%
Net OPEB liability (asset)	<u>\$ 109,002</u>	<u>\$ 102,376</u>	<u>\$ 96,002</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Net OPEB liability (asset)	<u>\$ 91,637</u>	<u>\$ 102,376</u>	<u>\$ 114,719</u>

OPEB Plan Fiduciary Net Position

Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$(10,744). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,184	\$ 138,743
Changes of assumptions or other input	4,268	24,065
Total	<u>\$ 59,452</u>	<u>\$ 162,808</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

<u>Year Ended</u>	<u>Amortization of Deferred Outflows and Inflows (Net)</u>
2025	\$ (21,492)
2026	(21,492)
2027	(21,497)
2028	(3,690)
2029	(3,887)
Thereafter	(31,298)

Payable to the OPEB Plan

At June 30, 2024, the District reported no payables to the plan.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity

Restricted Fund Balance

In the fund financial statements, portions of governmental and business-type fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2024, restricted fund balance was as follows:

	General Fund	Capital Expansion Fund	Other Nonmajor Funds	Total
Restricted:				
Special Revenue Trust	\$ -	\$ -	\$ 312,194	\$ 312,194
Community Service Fund	-	-	736,180	736,180
Capital Expansion	-	2,663,326	-	2,663,326
Long-Term Capital Improvement	-	-	1,141	1,141
Debt Service Fund	-	-	196,280	196,280
Total Restricted	-	2,663,326	1,245,795	3,909,121
Unassigned	9,148,910	-	-	9,148,910
Total Fund Balance	<u>\$ 9,148,910</u>	<u>\$ 2,663,326</u>	<u>\$ 1,245,795</u>	<u>\$ 13,058,031</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2024, the District did not report any committed fund balance.

Assigned Fund Balance

In the fund financial statements, portions of government fund balances are assigned. At June 30, 2024, the District did not report any assigned fund.

Net Position

The District reports restricted net position at June 30, 2024 as follows:

	Governmental Activities	Business-type Activities	Total
Net Investment in Capital Assets:			
Capital Assets, Net	\$ 35,954,785	\$ 12,580	\$ 35,967,365
Less: G.O. Bonds and Notes	(9,131,646)	-	(9,131,646)
Less: G.O. Bonds and Notes Premium	(379,902)	-	(379,902)
Less: Financed Purchase Arrangements	(63,168)	-	(63,168)
Less: Retainage Payable	(75,064)	-	(75,064)
Total Net Investment in Capital Assets	26,305,005	12,580	26,317,585
Restricted:			
Food Service	-	66,399	66,399
Special Revenue Trust	312,194	-	312,194
Community Service Fund	736,180	-	736,180
Capital Expansion	2,738,390	-	2,738,390
Long-Term Capital Improvement	1,141	-	1,141
Debt Service Fund	104,908	-	104,908
Total Restricted	3,892,813	66,399	3,959,212
Unrestricted	9,648,013	-	9,648,013
Total Net Position	<u>\$ 39,845,831</u>	<u>\$ 78,979</u>	<u>\$ 39,924,810</u>

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. The District has not had material reductions in coverage or material claims in excess of coverage in the last three years.

Self-Funded Insurance Program

The District has a self-insured dental benefit plan for its employees. The Plan administrator, Delta Dental (administrator) is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2024.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District.

District has no stop-loss coverage for dental care coverage of the plan.

B. Contingencies

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

C. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

This limitation does not apply to revenue needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

**LODI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Prior Period Adjustment

During fiscal year 2024, the District determined that the health insurance liability had been overstated as of **June 30, 2023**. Therefore, the governmental activities and general fund liability of accrued salaries and related benefits were overstated by \$188,830. In addition, the governmental activities net position and general fund fund balance were understated by \$188,830. The effect of that change to or within the financial reporting entity is shown in the table below:

	<u>Governmental Activities</u>	<u>General Fund</u>
Fund Balance - Beginning, As Originally Reported	\$ 35,231,868	\$ 7,178,955
Correction of an Error	<u>188,830</u>	<u>188,830</u>
Fund Balance - Beginning, As Adjusted	<u><u>\$ 35,420,698</u></u>	<u><u>\$ 7,367,785</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**LODI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE –
BUDGET TO ACTUAL – GENERAL FUND (10)
YEAR ENDED JUNE 30, 2024**

	General Fund (10)		
	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property Taxes	\$ 13,799,710	\$ 13,812,164	\$ 12,454
Other Local Sources	278,094	400,744	122,650
Interdistrict Sources	955,380	961,734	6,354
Intermediate Sources	5,757	10,842	5,085
State Sources	7,913,711	7,916,103	2,392
Federal Sources	892,170	719,506	(172,664)
Other Sources	117,326	392,955	275,629
Total Revenues	23,962,148	24,214,048	251,900
EXPENDITURES			
Current:			
Instruction:			
Regular Instruction	9,290,524	9,262,899	27,625
Vocational Instruction	528,724	583,105	(54,381)
Co-Curricular Activities	564,543	599,030	(34,487)
Physical Curriculum	577,278	513,240	64,038
Total Instruction	10,961,069	10,958,274	2,795
Support Services:			
Pupil Services	666,354	521,234	145,120
Instructional Staff Services	1,433,556	1,057,308	376,248
General Administration Services	392,159	476,710	(84,551)
Building Administration Services	1,290,240	1,192,146	98,094
Business Services	481,508	544,190	(62,682)
Central Services	53,613	55,239	(1,626)
Insurance	174,689	197,362	(22,673)
Other Support Services	990,999	728,648	262,351
Total Support Services	9,272,831	8,791,851	480,980
Community Services	258	3,143	(2,885)
Non-Program	-	-	-
Debt Service:			
Principal	97,000	121,378	(24,378)
Interest	-	9,070	(9,070)
Total Debt Service	97,000	130,448	(33,448)
Total Expenditures	20,331,158	19,883,716	447,442
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,630,990	4,330,332	(195,542)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	61,777	61,777
Transfers Out	(2,650,000)	(2,610,984)	(39,016)
Total Other Financing Sources (Uses)	(2,650,000)	(2,549,207)	22,761
NET CHANGE IN FUND BALANCES	980,990	1,781,125	(172,781)
Fund Balance - Beginning, As Originally Reported	7,178,955	7,178,955	-
Adjustment	188,830	188,830	-
Fund Balance - Beginning, As Adjusted	7,367,785	7,367,785	-
FUND BALANCES - END OF YEAR	<u>\$ 8,348,775</u>	<u>\$ 9,148,910</u>	<u>\$ 800,135</u>

See the Notes to the Required Supplementary Information.
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**LODI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE –
BUDGET TO ACTUAL – SPECIAL EDUCATION FUND (27)
YEAR ENDED JUNE 30, 2024**

	Special Education Fund (27)		
	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other Local Sources	\$ 10,492	\$ 4,398	\$ (6,094)
Interdistrict Sources	-	4,564	4,564
Intermediate Sources	22,809	13,617	(9,192)
State Sources	1,134,266	1,245,628	111,362
Federal Sources	471,913	511,516	39,603
Total Revenues	1,639,480	1,779,723	140,243
EXPENDITURES			
Current:			
Instruction:			
Special Instruction	3,193,533	3,330,454	(136,921)
Total Instruction	3,193,533	3,330,454	(136,921)
Support Services:			
Pupil Services	504,796	471,199	33,597
Instructional Staff Services	191,151	189,017	2,134
Business Services	-	-	-
Insurance	-	5,000	(5,000)
Total Support Services	1,095,947	1,060,253	35,694
Non-Program	-	-	-
Total Expenditures	4,289,480	4,390,707	(101,227)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,650,000)	(2,610,984)	241,470
OTHER FINANCING SOURCES (USES)			
Transfers In	2,650,000	2,610,984	(39,016)
Total Other Financing Sources (Uses)	2,650,000	2,610,984	(39,016)
NET CHANGE IN FUND BALANCES	-	-	202,454
Fund Balance - Beginning, As Originally Reported	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LODI SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) –
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS

Plan Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/2014	0.06507658%	\$ (1,598,459)	\$ 8,292,532	-19.28%	102.74%
12/31/2015	0.06435416%	1,045,743	9,268,257	11.28%	98.20%
12/31/2016	0.06548712%	539,770	9,741,552	5.54%	99.12%
12/31/2017	0.06637848%	(1,970,855)	9,877,897	-19.95%	102.93%
12/31/2018	0.06625526%	2,357,154	9,985,258	23.61%	96.45%
12/31/2019	0.06560983%	(2,115,560)	10,468,472	-20.21%	102.96%
12/31/2020	0.06460374%	(4,033,301)	10,612,299	-38.01%	105.26%
12/31/2021	0.06351198%	(5,119,182)	10,659,557	-48.02%	106.02%
12/31/2022	0.62058530%	3,287,677	11,039,067	29.78%	95.72%
12/31/2023	0.06172402%	917,716	12,135,376	7.56%	98.85%

See the Notes to the Required Supplementary Information.

**LODI SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 625,877	\$ 625,877	\$ -	\$ 8,292,532	7.55%
6/30/2016	630,241	630,241	-	9,268,257	6.80%
6/30/2017	642,944	642,944	-	9,741,552	6.60%
6/30/2018	686,090	686,090	-	9,877,897	6.95%
6/30/2019	687,250	687,250	-	9,985,258	6.88%
6/30/2020	685,686	685,686	-	10,468,472	6.55%
6/30/2021	716,336	716,336	-	10,612,299	6.75%
6/30/2022	708,810	708,810	-	10,659,557	6.65%
6/30/2023	770,544	770,544	-	11,039,067	6.98%
6/30/2024	823,326	823,326	-	12,135,376	6.78%

See the Notes to the Required Supplementary Information.
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LODI SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS – SUPPLEMENTAL PENSION (STIPEND) PLAN
LAST TEN MEASUREMENT PERIODS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 39,441	\$ 62,619	\$ 61,241	\$ 68,960	\$ 64,545	\$ 51,227	\$ 51,227
Interest	38,732	27,015	28,749	43,720	44,162	37,272	38,049
Changes in benefits	-	(17,411)	-	-	-	35,100	-
Differences between expected and actual experience	-	(56,068)	-	8,393	-	92,946	-
Changes in assumptions or other input	(4,594)	(59,832)	-	13,613	13,068	(11,756)	-
Benefit payments	<u>(162,222)</u>	<u>(191,997)</u>	<u>(143,487)</u>	<u>(60,981)</u>	<u>(43,981)</u>	<u>(153,449)</u>	<u>(69,500)</u>
Net change in total OPEB liability	(88,643)	(235,674)	(53,497)	73,705	77,794	51,340	19,776
Total OPEB liability - beginning	<u>1,029,695</u>	<u>1,265,369</u>	<u>1,318,866</u>	<u>1,245,161</u>	<u>1,167,367</u>	<u>1,116,027</u>	<u>1,096,251</u>
Total OPEB liability - ending	<u>\$ 941,052</u>	<u>\$ 1,029,695</u>	<u>\$ 1,265,369</u>	<u>\$ 1,318,866</u>	<u>\$ 1,245,161</u>	<u>\$ 1,167,367</u>	<u>\$ 1,116,027</u>
Covered payroll	<u>\$ 5,619,366</u>	<u>\$ 5,619,366</u>	<u>\$ 7,173,325</u>	<u>\$ 7,173,325</u>	<u>\$ 6,852,531</u>	<u>\$ 6,852,531</u>	<u>\$ 7,138,283</u>
Net OPEB liability as a percentage of covered payroll	<u>16.75%</u>	<u>18.32%</u>	<u>17.64%</u>	<u>18.39%</u>	<u>18.17%</u>	<u>17.04%</u>	<u>15.63%</u>

Reporting standards require presentation for the last ten fiscal years. The information above begins with implementation year 2017 and will be updated going forward. Historical data is not available.

LODI SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 6,911	\$ 10,133	\$ 9,910	\$ 7,923	\$ 7,378	\$ 13,594	\$ 13,594
Interest	3,837	4,911	4,665	4,283	6,635	16,540	23,519
Changes in benefits	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(120,079)	-	91,976	-	(128,036)	-
Changes in assumptions or other input	(848)	(15,707)	-	5,790	1,789	(32,205)	-
Benefit payments	<u>-</u>	<u>-</u>	<u>(7,440)</u>	<u>(44,587)</u>	<u>(96,690)</u>	<u>(228,176)</u>	<u>(244,819)</u>
Net change in total OPEB liability	9,900	(120,742)	7,135	65,385	(80,888)	(358,283)	(207,706)
Total OPEB liability - beginning	<u>92,476</u>	<u>213,218</u>	<u>206,083</u>	<u>140,698</u>	<u>221,586</u>	<u>579,869</u>	<u>787,575</u>
Total OPEB liability - ending	<u>\$ 102,376</u>	<u>\$ 92,476</u>	<u>\$ 213,218</u>	<u>\$ 206,083</u>	<u>\$ 140,698</u>	<u>\$ 221,586</u>	<u>\$ 579,869</u>
Covered payroll	<u>\$ 10,363,183</u>	<u>\$ 10,363,183</u>	<u>\$ 9,707,567</u>	<u>\$ 9,707,567</u>	<u>\$ 9,383,264</u>	<u>\$ 9,383,264</u>	<u>\$ 6,241,118</u>
Net OPEB liability as a percentage of covered payroll	<u>0.99%</u>	<u>0.89%</u>	<u>2.20%</u>	<u>2.12%</u>	<u>1.50%</u>	<u>2.36%</u>	<u>9.29%</u>

Reporting standards require presentation for the last ten fiscal years. The information above begins with implementation year 2017 and will be updated going forward. Historical data is not available.

**LODI SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Change of assumptions:

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustment from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

**LODI SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

**LODI SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.

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

**LODI SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 2 STIPEND PLAN

Changes of benefit terms: There were no changes of benefit terms.

Changes of assumptions: The discount rate was updated based on the S&P Municipal Bond 20 Year High Grade Index to 4.13%.

NOTE 3 OTHER POSTEMPLOYMENT BENEFITS

Changes of benefit terms: There were no changes of benefit terms.

Changes of assumptions: The discount rate was updated based on the S&P Municipal Bond 20 Year High Grade Index to 4.13%.

NOTE 4 BUDGETARY INFORMATION

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by the Board of Education resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education 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 Board of Education may make alterations to the proposed budget.
- Once the Board of Education (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 Board of Education.
- Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts

The District did not have any material violation of legal or contractual provisions for the year ended June 30, 2024.

SUPPLEMENTARY INFORMATION

LODI SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Trust	Package- Cooperative Fund	Community Service Fund	Long-Term Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 312,194	\$ -	\$ 747,198	\$ 1,141	\$ 118,467	\$ 1,179,000
Investments	-	-	-	-	77,813	77,813
Total Assets	<u>\$ 312,194</u>	<u>\$ -</u>	<u>\$ 747,198</u>	<u>\$ 1,141</u>	<u>\$ 196,280</u>	<u>\$ 1,256,813</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 1,513	\$ -	\$ -	\$ 1,513
Accrued Salaries and Related Benefits	-	-	9,505	-	-	9,505
Total Liabilities	-	-	11,018	-	-	11,018
FUND BALANCES						
Restricted:						
Special Revenue Trust	312,194	-	-	-	-	312,194
Community Services	-	-	736,180	-	-	736,180
Long-Term Capital Improvement	-	-	-	1,141	-	1,141
Debt Service	-	-	-	-	196,280	196,280
Total Fund Balances	<u>312,194</u>	<u>-</u>	<u>736,180</u>	<u>1,141</u>	<u>196,280</u>	<u>1,245,795</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 312,194</u>	<u>\$ -</u>	<u>\$ 747,198</u>	<u>\$ 1,141</u>	<u>\$ 196,280</u>	<u>\$ 1,256,813</u>

LODI SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	Special Revenue Trust	Package- Cooperative Fund	Community Service Fund	Long-Term Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
REVENUES						
Property Taxes	\$ -	\$ -	\$ 300,000	\$ -	\$ 1,215,067	\$ 1,515,067
Other Local Sources	167,543	29,961	401,197	-	-	598,701
Interdistrict Sources	-	399	-	-	-	399
State Sources	-	-	17,992	-	-	17,992
Other Sources	-	-	-	50	4,002	4,052
Total Revenues	167,543	30,360	719,189	50	1,219,069	2,136,211
EXPENDITURES						
Current:						
Instruction:						
Regular Instruction	8,821	-	243	-	-	9,064
Vocational Instruction	1,829	-	-	-	-	1,829
Co-Curricular Activities	126,610	19,583	-	-	-	146,193
Total Instruction	137,260	19,583	243	-	-	157,086
Support Services:						
Instructional Staff Services	8,652	-	-	-	-	8,652
Building Administration Services	12,622	-	-	-	-	12,622
Operation and Maintenance	18,349	-	17,628	-	-	35,977
Other Support Services	-	-	9,541	-	-	9,541
Total Support Services	39,623	-	27,169	-	-	66,792
Community Services	-	-	453,628	-	-	453,628
Debt Service:						
Principal	-	-	-	-	918,214	918,214
Interest	-	-	-	-	310,777	310,777
Total Debt Service	-	-	-	-	1,228,991	1,228,991
Total Expenditures	176,883	19,583	481,040	-	1,228,991	1,906,497
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,340)	10,777	238,149	50	(9,922)	229,714
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	(10,777)	(51,000)	-	-	(61,777)
Total Other Financing Sources (Uses)	-	(10,777)	(51,000)	-	-	(61,777)
NET CHANGE IN FUND BALANCES	(9,340)	-	187,149	50	(9,922)	167,937
Fund Balance - Beginning	321,534	-	549,031	1,091	206,202	1,077,858
FUND BALANCES - END OF YEAR	<u>\$ 312,194</u>	<u>\$ -</u>	<u>\$ 736,180</u>	<u>\$ 1,141</u>	<u>\$ 196,280</u>	<u>\$ 1,245,795</u>

**LODI SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2024**

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	\$ 3,214
Non-capital objects	400	27,813
Total		<u>\$ 31,027</u>

OTHER INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITORS' 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
School District of Lodi
Lodi, Wisconsin

We have audited, in accordance with the 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 School District of Lodi (the District), as of and for the year ended June 30, 2024, 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 13, 2024.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

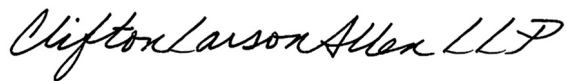
As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

School District of Lodi's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Middleton, Wisconsin
December 13, 2024

FEDERAL AND STATE AWARDS



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND THE WISCONSIN STATE SINGLE AUDIT GUIDELINES**

Board of Education
School District of Lodi
Lodi, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited School District of Lodi's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Wisconsin *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2024. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in a material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 for Federal Awards* (Uniform Guidance) and the Wisconsin *State Single Audit Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the Wisconsin *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Wisconsin *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Wisconsin *State Single Audit Guidelines* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Wisconsin *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

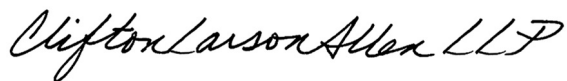
Report on Internal Control Over Compliance

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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 Wisconsin *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Middleton, Wisconsin
December 13, 2024

**LODI SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Grantor Agency / Federal Program Title	Assistance Listing Number (ALN)	Pass Through Agency	Pass-through Entity Identifying Number	(Accrued) Unearned Revenue 7/1/2023	Cash Received (Refunded)	(Accrued) Unearned Revenue 6/30/2024	Total Federal Expenditures	Passed Through to Subrecipients
US DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	Wisconsin DPI	2024-113150-SB-546	\$ -	\$ 38,034	\$ -	\$ 38,034	\$ -
National School Lunch Program - Donated Commodities	10.555	Wisconsin DPI	2024-113150-NSL-547	-	68,959	-	68,959	-
National School Lunch Program	10.555	Wisconsin DPI	2024-113150-NSL-547	-	175,367	-	175,367	-
<i>Total Child Nutrition Cluster</i>				-	282,360	-	282,360	-
Local Food for Schools	10.185	Wisconsin DPI	2023-113150-DPI-WI-LFS	(2,627)	2,627	-	-	-
Local Food for Schools	10.185	Wisconsin DPI	2024-113150-DPI-WI-LFS	-	2,130	-	2,130	-
<i>Total ALN 10.185</i>				(2,627)	4,757	-	2,130	-
Total US Department of Agriculture				\$ (2,627)	\$ 287,117	\$ -	\$ 284,490	\$ -
FEDERAL COMMUNICATIONS COMMISSION								
Emergency Connectivity Funds	32.009	Not Applicable	Not Applicable	\$ (42,354)	\$ 42,354	\$ -	\$ -	\$ -
US DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies - Public	84.010	Wisconsin DPI	2023-113150-DPI-TIA-141	\$ (37,675)	\$ 37,675	\$ -	\$ -	\$ -
Title I Grants to Local Educational Agencies - Public	84.010	Wisconsin DPI	2023-113150-DPI-TIA-141	-	44,999	48,167	93,166	-
<i>Total ALN 84.010</i>				(37,675)	82,674	48,167	93,166	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	Wisconsin DPI	2023-113150-IDEA-341	(282,804)	282,804	-	-	-
Special Education Grants to States	84.027	Wisconsin DPI	2024-113150-IDEA-341	-	146,000	218,335	364,335	-
Special Education Preschool Grants	84.173	Wisconsin DPI	2023-113150-Pre-S-347	(10,329)	10,329	-	-	-
Special Education Preschool Grants	84.173	Wisconsin DPI	2024-113150-Pre-S-347	-	2,999	10,171	13,170	-
<i>Total Special Education Cluster (IDEA)</i>				(293,133)	442,132	228,506	377,505	-
Improving Teacher Quality State Grants	84.367	Wisconsin DPI	2023-113150-DPI-TIIA-365	(18,518)	18,518	-	-	-
Improving Teacher Quality State Grants	84.367	Wisconsin DPI	2024-113150-DPI-TIIA-365	-	5,500	14,347	19,847	-
<i>Total ALN 84.367</i>				(18,518)	24,018	14,347	19,847	-
Title IV - Student Support and Acad Enrich Grants	84.424	Wisconsin DPI	2023-113150-DPI-TIVA-381	(4,590)	4,590	-	-	-
Title IV - Student Support and Acad Enrich Grants	84.424	Wisconsin DPI	2024-113150-DPI-TIVA-381	-	-	12,258	12,258	-
<i>Total ALN 84.424</i>				(4,590)	4,590	12,258	12,258	-
(COVID-19) Elementary and Secondary School Emergency Relief II	84.425U	Wisconsin DPI	2023-113150-DPI-ESSERFIII-165	(251,587)	836,351	-	584,764	-
(COVID-19) LETRS ESSER III	84.425	Wisconsin DPI	2024-113150-DPI-LETRS-165	-	4,000	-	4,000	-
<i>Total ALN 84.425</i>				(251,587)	840,351	-	588,764	-
Title III	84.365	CESA 5	Not Assigned	-	5,470	-	5,470	-
Carl D. Perkins Grant	84.048	CESA 5	Not Assigned	-	7,270	-	7,270	-
Total US Department of Education				\$ (605,503)	\$ 1,406,505	\$ 303,278	\$ 1,104,280	\$ -

See the accompanying notes to the schedule of expenditures of federal and state awards.

LODI SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

<u>Grantor Agency / Federal Program Title</u>	<u>Assistance Listing Number (ALN)</u>	<u>Pass Through Agency</u>	<u>Pass-through Entity Identifying Number</u>	<u>(Accrued) Unearned Revenue 7/1/2023</u>	<u>Cash Received (Refunded)</u>	<u>(Accrued) Unearned Revenue 6/30/2024</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
US DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	Wisconsin DHS	44229500	\$ -	\$ 137,510	\$ -	\$ 137,510	\$ -
<i>Total Medical Assistance Cluster</i>				<u>-</u>	<u>137,510</u>	<u>-</u>	<u>137,510</u>	<u>-</u>
Total US Department of Health and Human Services				<u>\$ -</u>	<u>\$ 137,510</u>	<u>\$ -</u>	<u>\$ 137,510</u>	<u>\$ -</u>
TOTAL FEDERAL PROGRAMS				<u>\$ (650,484)</u>	<u>\$ 1,873,486</u>	<u>\$ 303,278</u>	<u>\$ 1,526,280</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements:								
Federal Sources							1,515,512	
Federal Grants Reported in Other Sources							7,270	
Other Grants Not Subject to Single Audit							<u>3,498</u>	
Total Federal Expenditures							<u>1,526,280</u>	

See the accompanying notes to the schedule of expenditures of federal and state awards.

**LODI SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2024**

Grantor Agency / State Program Title	State Identification Number	Pass-through Agency	Pass Through Entity Identifying Number	(Accrued) Unearned Revenue 7/1/2023	Cash Received (Refunded)	(Accrued) Unearned Revenue 6/30/2024	Total Federal Expenditures
DEPARTMENT OF PUBLIC INSTRUCTION							
Special Education and School Age Parents	255.101			\$ -	\$ 1,173,229	\$ -	\$ 1,173,229
Internal District Programs		Direct Awards	Not Applicable				
Cooperative Education Services Agency #5		CESA #5	None Noted	-	13,617	-	13,617
State School Lunch Aid	255.102	Direct Awards	Not Applicable	-	6,127	-	6,127
Common School Fund Library Aid	255.103	Direct Awards	Not Applicable	-	111,189	-	111,189
General Transportation Aid	255.107	Direct Awards	Not Applicable	-	59,980	-	59,980
Equalization Aids	255.201	Direct Awards	Not Applicable	-	6,449,676	-	6,449,676
Aid for School Mental Health Programs	255.227	Direct Awards	Not Applicable	-	14,716	-	14,716
Transition Readiness Grant	255.257	Direct Awards	Not Applicable	-	36,438	33,266	69,704
School Based Mental Health Services Grant	255.297	Direct Awards	Not Applicable	-	48,050	-	48,050
Peer Review and Mentoring Grants	255.301	School District of Mauston	None Noted	-	-	11,588	11,588
Alcohol and Other Drug Abuse Program	255.306	Direct Awards	Not Applicable	-	-	12,111	12,111
State School Breakfast Aid	255.344	Direct Awards	Not Applicable	-	2,726	-	2,726
Educator Effective Evaluation System	255.940	Direct Awards	Not Applicable	-	10,880	-	10,880
Per Pupil Aid	255.945	Direct Awards	Not Applicable	-	1,080,352	-	1,080,352
Career and Technical Education Incentive Grants	255.950	Direct Awards	Not Applicable	-	13,560	-	13,560
Assessment of Reading Readiness	255.956	Direct Awards	Not Applicable	-	2,124	-	2,124
Special Education Transition Incentive Grants	255.960	Direct Awards	Not Applicable	-	2,696	-	2,696
Opiod Prevention Grant	435.833	Direct Awards	Not Applicable	-	-	11,911	11,911
Total Wisconsin Department of Public Instruction				\$ -	\$ 9,025,360	\$ 68,876	\$ 9,094,236
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
Youth Apprenticeship	445.107	Direct Awards		-	3,000	-	3,000
Total Wisconsin Department of Workforce Development				\$ -	\$ 3,000	\$ -	\$ 3,000
TOTAL STATE PROGRAMS				\$ -	\$ 9,028,360	\$ 68,876	\$ 9,097,236
Reconciliation to the Basic Financial Statements							
State Sources							\$ 9,188,576
State Grants Reported in Other Sources							
Less: State Sources Not Considered State Financial Assistance							(91,340)
Total State Expenditures							<u>\$ 9,097,236</u>

See the accompanying notes to the schedule of expenditures of federal and state awards.

LODI SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the School District of Lodi (the District) are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position of the District.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Grant revenues and expenditures in the schedules, with the exception of the child nutrition cluster, are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2024 governmental fund financial statements. The child nutrition cluster revenues and expenditures are included in the Food Service enterprise fund and are presented in accordance with the accrual basis of accounting and are generally in agreement with the revenues and expenditures reported in the District's 2024 proprietary fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Wisconsin *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% for indirect costs.

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2023-2024 eligible costs under the State Special Education Program are \$3,762,392.

**LODI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

NOTE 4 OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal - U.S. Department of Education

State - Wisconsin Department of Public Instruction

NOTE 5 PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services

WI DPI - Wisconsin Department of Public Instruction

CESA #5 – Cooperative Educational Service Agency No. 5

**LODI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section I – Summary of Auditors’ Results

Basic Financial Statements

1. Type of auditor’s report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X Yes No
 - Significant deficiency(ies) identified? X Yes None Reported
3. Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? Yes X No
 - Significant deficiency(ies) identified? Yes X None Reported
2. Type of auditor’s report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes X No

Identification of major federal programs:

Assistance Listing Number(s)

84.425

Name of Federal Program

(COVID-19) Education Stabilization Fund

Audit threshold used to determine between Type A and Type B programs:

Federal

\$750,000

Auditee qualify as low-risk auditee?

 X Yes No

**LODI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance

1. Internal control over major state programs:

- Material weakness(es) identified? _____ Yes X No
- Were significant deficiency(ies) identified? _____ Yes X None Reported

2. Type of auditor’s report issued on compliance
for major programs: Unmodified

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

Identification of major state programs:

State ID Number(s)

255.201
255.945

Name of State Program

General Equalization Aids Cluster
Per Pupil Aid

Audit threshold used to determine between Type A and Type B programs:
State

\$272,917

Auditee qualify as low-risk auditee? X Yes _____ No

**LODI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section II – Financial Statement Findings

2024 – 001: Preparation of the Financial Statements and Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The District does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures, which are complete, and presented in accordance with GAAP. In addition, the auditors proposed and the District accepted material audit adjustments, including restatement of beginning fund balance.

Criteria or specific requirement: District management is responsible for establishing and maintaining internal controls over the fair presentation of the financial statements including disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP) as set by the Government Accounting Standards Board (GASB).

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls in the normal course of business.

Cause: The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Repeat Finding: Yes, 2023-001

Recommendation: We recommend that sufficient financial statement and disclosure review procedure be performed by an individual possessing a thorough understanding of applicable accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Corrective action has been included in the District's corrective action plan.

**LODI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section II – Financial Statement Findings (Continued)

2024 – 002: Financial Reporting for Federal and State Assistance

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

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

Criteria or specific requirement: Having staff with expertise in federal and state 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 and state awards, or accompanying notes to the schedules.

Effect: Management relies on its auditor to assist with the preparation of the single audit reports, the District's system of internal control may not prevent, detect, or correct misstatements in the single audit reports.

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.

Repeat Finding: Yes, 2023-002

Recommendation: We recommend that sufficient financial statement and disclosure review procedure be performed by an individual possessing a thorough understanding of applicable accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Corrective action has been included in the District's corrective action plan.

**LODI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section II – Financial Statement Findings (Continued)

2024 – 003: Segregation of Duties

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The District Business Manager has full access to modify the financial accounting records with minimal review and oversight from other individuals. Examples of this include the ability to prepare, review, approve, and post journal entries without review by a second person; and the individual with access and control of bank accounts is reconciling the activity. While it is not always possible to restrict access rights as a preventative control, given the available resources for the business office, detective controls should be in-place to ensure that the activity recorded is subject to oversight as a means of mitigating the risk of material misstatement. In addition, the completion of the financial close and reporting process lies with the Business Manager, and there is not another individual that poses the skills, knowledge, or expertise to perform these functions on a timely basis.

Criteria or specific requirement: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Effect: Lack of segregation of duties creates an inherent risk that may allow for errors or irregularities to go undetected and uncorrected.

Cause: The District did not have a sufficient number of individuals engaged in the performance of accounting related activities with the skills, knowledge, or expertise to appropriately segregate duties.

Repeat Finding: No

Recommendation: We recommend that the District implement detective controls that will provide reasonable assurance that the activity that is occurring within the general ledger and related sub-ledgers are subject to routine review by an individual with the skills, knowledge, and expertise to determine the appropriateness of the information. This should include a report of the activity with the appropriate documentation of who performed the review and when it occurred. This should be performed on a routine basis as determined by a documented control process.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Corrective action has been included in the District's corrective action plan.

**LODI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Findings and Questioned Costs – Major State Programs

Our audit did not disclose any matters required to be reported in accordance with the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

Section V – Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial, noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the Wisconsin *State Single Audit Guidelines*:

Department of Public Instruction No

Department of Health Services No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner


Jordan Boehm, CPA

5. Date of report December 13, 2024

