

LODI SCHOOL DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**LODI SCHOOL DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	6
STATEMENT OF ACTIVITIES	7
FUND FINANCIAL STATEMENTS	
BALANCE SHEET — GOVERNMENTAL FUNDS	8
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION — GOVERNMENTAL FUNDS	9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS	10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES — GOVERNMENTAL FUNDS	11
STATEMENT OF NET POSITION — PROPRIETARY FUNDS	12
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — PROPRIETARY FUNDS	13
STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS	14
STATEMENT OF FIDUCIARY NET POSITION — FIDUCIARY FUNDS	15
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — FIDUCIARY FUNDS	16
NOTES TO BASIC FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE — BUDGET TO ACTUAL — GENERAL FUND (10)	55
BUDGETARY COMPARISON SCHEDULE — BUDGET TO ACTUAL — SPECIAL EDUCATION FUND (27)	56

**LODI SCHOOL DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM	57
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM	58
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS – SUPPLEMENTAL PENSION (STIPEND) PLAN	59
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS	60
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	64
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	65
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS	66
OTHER INDEPENDENT AUDITORS' REPORT	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	68
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	70

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Lodi School District
Lodi, Wisconsin

Report on the Audit of the Basic Financial Statements

Opinions

We have audited the accompanying basic 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, 2025, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the basic 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, 2025, 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 Basic 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.D. to the basic financial statements, the District restated beginning balance of the OPEB Trust fund to correct an error that occurred in a prior year. See Note 3.D. for further description of this restatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of the basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the basic 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 Basic Financial Statements

Our objectives are to obtain reasonable assurance about whether the basic 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 basic 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 basic 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 basic 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 basic 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.

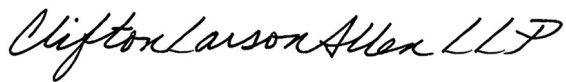
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 basic financial statements that collectively comprise the District's basic financial statements. The combining nonmajor governmental fund financial statements and the schedule of charter school authorizer operating costs 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 and the schedule of charter school authorizer operating costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, 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 11, 2025

BASIC FINANCIAL STATEMENTS

LODI SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 9,725,585	\$ 43,503	\$ 9,769,088
Investments	2,944,664	-	2,944,664
Property Taxes Receivable	4,788,221	-	4,788,221
Accounts Receivable, Net	-	42,322	42,322
Due from Other Governments	48,220	-	48,220
Inventories	-	4,789	4,789
Total Current Assets	17,506,690	90,614	17,597,304
Noncurrent Assets:			
Capital Assets Not Being Depreciated	279,117	-	279,117
Capital Assets, Net of Depreciation and Amortization	36,369,388	6,380	36,375,768
Total Noncurrent Assets	36,648,505	6,380	36,654,885
Total Assets	54,155,195	96,994	54,252,189
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to Supplemental Pension	33,264	-	33,264
Deferred Amounts Related to Pensions	5,337,363	33,630	5,370,993
Deferred Amounts Related to OPEB	50,839	-	50,839
Total Deferred Outflows of Resources	5,421,466	33,630	5,455,096
LIABILITIES			
Current Liabilities:			
Accounts Payable	798,442	1,458	799,900
Accrued Salaries and Related Benefits	186,111	534	186,645
Due to Fiduciary Funds	723	-	723
Unearned Revenue	-	26,024	26,024
Accrued Interest	82,463	-	82,463
Total Current Liabilities	1,067,739	28,016	1,095,755
Long-Term Liabilities:			
Due Within One Year:			
Bonds Payable	993,994	-	993,994
Notes Payable	56,213	-	56,213
Financed Purchases	19,668	-	19,668
Lease Payable	10,872	-	10,872
Compensated Absences	136,000	-	136,000
Due in More than a Year:			
Bonds Payable, Net	7,204,968	-	7,204,968
Notes Payable	240,725	-	240,725
Lease Payable	10,983	-	10,983
Compensated Absences	293,773	-	293,773
Total Supplement Pension	811,987	-	811,987
Net Pension Liability	975,145	6,095	981,240
Total OPEB Liability	103,997	-	103,997
Total Long-Term Liabilities	10,858,325	6,095	10,864,420
Total Liabilities	11,926,064	34,111	11,960,175
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts Related to Supplemental Pension	116,561	-	116,561
Deferred Amounts Related to Pensions	2,845,706	17,788	2,863,494
Deferred Amounts Related to OPEB	141,536	-	141,536
Total Deferred Inflows of Resources	3,103,803	17,788	3,121,591
NET POSITION			
Net Investment in Capital Assets	28,036,018	6,380	28,042,398
Restricted for:			
Capital Projects	5,312,192	-	5,312,192
Special Revenue Trust	346,632	-	346,632
Community Service Fund	754,017	-	754,017
Debt Service Fund	109,217	-	109,217
Food Service	-	72,345	72,345
Unrestricted	9,988,718	-	9,988,718
Total Net Position	\$ 44,546,794	\$ 78,725	\$ 44,625,519

See accompanying Notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position (Deficit)		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
Instruction	\$ 16,257,162	\$ 471,229	\$ 1,703,448	\$ -	\$ (14,082,485)	\$ -	\$ (14,082,485)
Support Services	11,195,841	2,968,715	-	-	(8,227,126)	-	(8,227,126)
Community Services	530,172	139,583	-	-	(390,589)	-	(390,589)
Total Governmental Activities	27,983,175	3,579,527	1,703,448	-	(22,700,200)	-	(22,700,200)
Business-Type Activities:							
Food Service Fund	899,651	645,933	253,464	-	-	(254)	(254)
Total Primary Government	<u>\$ 28,882,826</u>	<u>\$ 4,225,460</u>	<u>\$ 1,956,912</u>	<u>\$ -</u>	(22,700,200)	(254)	(22,700,454)
GENERAL REVENUES							
Taxes:							
Property Taxes, Levied for General Purposes					12,746,568	-	12,746,568
Property Taxes, Levied for Debt Service					1,194,041	-	1,194,041
Property Taxes, Levied for Capital Projects					2,680,000	-	2,680,000
Property Taxes, Levied for Community Services					250,000	-	250,000
Grants and Contributions Not Restricted to Specific Programs					9,798,401	-	9,798,401
Investment Earnings					399,332	-	399,332
Miscellaneous					332,818	-	332,818
Total General Revenues and Transfers					<u>27,401,160</u>	<u>-</u>	<u>27,401,160</u>
CHANGES IN NET POSITION					4,700,960	(254)	4,700,706
Net Position - Beginning					<u>39,845,834</u>	<u>78,979</u>	<u>39,924,813</u>
NET POSITION - END OF YEAR					<u>\$ 44,546,794</u>	<u>\$ 78,725</u>	<u>\$ 44,625,519</u>

See accompanying Notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	Capital Expansion	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 5,494,182	\$ 3,011,363	\$ -	\$ 1,220,040	\$ 9,725,585
Investments	606,491	-	2,256,681	81,492	2,944,664
Receivables:					
Property Taxes	4,788,221	-	-	-	4,788,221
Due from Other Governments	48,220	-	-	-	48,220
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 10,937,114</u>	<u>\$ 3,011,363</u>	<u>\$ 2,256,681</u>	<u>\$ 1,301,532</u>	<u>\$ 17,506,690</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 759,471	\$ 32,111	\$ -	\$ 6,860	\$ 798,442
Accrued Salaries and Related Benefits	184,963	-	-	1,148	186,111
Due to Fiduciary Funds	723	-	-	-	723
Total Liabilities	<u>945,157</u>	<u>32,111</u>	<u>-</u>	<u>8,008</u>	<u>985,276</u>
FUND BALANCES					
Restricted:					
Special Revenue Trust	-	-	-	346,632	346,632
Capital Projects	-	2,979,252	2,256,681	1,195	5,237,128
Community Services	-	-	-	754,017	754,017
Debt Service	-	-	-	191,680	191,680
Unassigned	9,991,957	-	-	-	9,991,957
Total Fund Balances	<u>9,991,957</u>	<u>2,979,252</u>	<u>2,256,681</u>	<u>1,293,524</u>	<u>16,521,414</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,937,114</u>	<u>\$ 3,011,363</u>	<u>\$ 2,256,681</u>	<u>\$ 1,301,532</u>	<u>\$ 17,506,690</u>

See accompanying Notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION –
GOVERNMENTAL FUNDS
JUNE 30, 2025**

Total Fund Balance - Governmental Funds	\$ 16,521,414
---	---------------

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.

36,648,505

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	5,370,627
Deferred Outflows of Resources Related to OPEB	50,839
Deferred Inflows of Resources Related to Pensions	(2,962,267)
Deferred Inflows of Resources Related to OPEB	(141,536)

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	(8,206,938)
Financed Purchases	(19,668)
Lease Liability- Right to Use Asset	(21,855)
Unamortized Premiums and Discounts on Bonds	(288,962)
Accrued Interest Payable	(82,463)
Compensated Absences	(429,773)
Net Pension Asset (Liability)	(1,787,132)
Net OPEB Asset (Liability)	(103,997)

Net Position of Governmental Activities as Reported on the Statement of Net Position	\$ 44,546,794
--	---------------

\$ 44,546,794

LODI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Capital Expansion	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 12,746,568	\$ 2,680,000	\$ -	\$ 1,444,041	\$ 16,870,609
Other Local Sources	398,903	-	2,256,681	551,776	3,207,360
Interdistrict Sources	1,035,965	-	-	115	1,036,080
Intermediate Sources	14,335	-	-	4,167	18,502
State Sources	9,852,529	-	-	-	9,852,529
Federal Sources	637,551	-	-	-	637,551
Other Sources	516,440	535,610	-	9,454	1,061,504
Total Revenues	25,202,291	3,215,610	2,256,681	2,009,553	32,684,135
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	9,308,155	-	-	11,782	9,319,937
Vocational Instruction	477,550	-	-	2,475	480,025
Special Instruction	3,433,884	-	-	-	3,433,884
Co-Curricular Activities	610,865	-	-	145,339	756,204
Physical Curriculum	537,384	-	-	-	537,384
Total Instruction	14,367,838	-	-	159,596	14,527,434
Support Services:					
Pupil Services	768,765	-	-	-	768,765
Instructional Staff Services	1,353,093	-	-	16,096	1,369,189
General Administration Services	515,296	-	-	1,495	516,791
Building Administration Services	1,320,813	-	-	11,799	1,332,612
Business Services	602,429	-	-	-	602,429
Operation and Maintenance	3,050,508	2,899,684	-	26,066	5,976,258
Pupil Transportation	1,351,405	-	-	-	1,351,405
Central Services	52,822	-	-	-	52,822
Insurance	222,500	-	-	-	222,500
Other Support Services	735,539	-	-	9,541	745,080
Total Support Services	9,973,170	2,899,684	-	64,997	12,937,851
Community Services	-	-	-	522,843	522,843
Debt Service:					
Principal	54,318	-	-	924,708	979,026
Interest	2,942	-	-	283,332	286,274
Total Debt Service	57,260	-	-	1,208,040	1,265,300
Total Expenditures	24,398,268	2,899,684	-	1,955,476	29,253,428
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	804,023	315,926	2,256,681	54,077	3,430,707
OTHER FINANCING SOURCES (USES)					
Leases	32,673	-	-	-	32,673
Transfers In	6,348	-	-	-	6,348
Transfers Out	-	-	-	(6,348)	(6,348)
Total Other Financing Sources (Uses)	39,021	-	-	(6,348)	32,673
NET CHANGE IN FUND BALANCES	843,044	315,926	2,256,681	47,729	3,463,380
Fund Balance - Beginning	9,148,913	2,663,326	-	1,245,795	13,058,034
FUND BALANCES - END OF YEAR	<u>\$ 9,991,957</u>	<u>\$ 2,979,252</u>	<u>\$ 2,256,681</u>	<u>\$ 1,293,524</u>	<u>\$ 16,521,414</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, 2025**

Net Change in Fund Balance - Governmental Funds	\$ 3,463,380
---	--------------

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	2,142,602
Current Year Depreciation and Amortization	(1,448,882)

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	924,708
Financed Purchase Arrangement Payments	43,500
Issuance of Lease Liability	(32,673)
Lease Liability Payments	10,818
Amortization of Premiums and Loss on Advance Refunding	90,940

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	8,909
Compensated Absences	(136,336)
Net Pension Liability (Asset)	66,426
Deferred Outflows of Resources Related to Pensions	(2,441,495)
Deferred Inflows of Resources Related to Pensions	1,998,025
Other Postemployment Benefits	(1,621)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(8,613)
Deferred Inflows of Resources Related to Other Postemployment Benefits	21,272

Change in Net Position of Governmental Activities as Reported on the Statement of Activities	\$ 4,700,960
--	--------------

See accompanying Notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
JUNE 30, 2025**

	Business-Type Activities - Enterprise Fund Food Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 43,503
Receivables:	
Accounts, Net	42,322
Inventories	4,789
Total Current Assets	<u>90,614</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Equipment and Furniture	149,878
Less: Accumulated Depreciation	<u>(143,498)</u>
Net Capital Assets	<u>6,380</u>
Total Noncurrent Assets	<u>6,380</u>
Total Assets	96,994
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amounts Related to Pensions	33,630
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,458
Accrued Salaries and Related Benefits	534
Unearned Revenues	26,024
Total Current Liabilities	<u>28,016</u>
Noncurrent Liabilities:	
Net Pension Liability	<u>6,095</u>
Total Liabilities	34,111
DEFERRED INFLOWS OF RESOURCES	
Deferred Amounts Related to Pensions	<u>17,788</u>
NET POSITION	
Net Investment in Capital Assets	6,380
Restricted of Food Service	<u>72,345</u>
Total Net Position	<u><u>\$ 78,725</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, 2025**

	Business-Type Activities - Enterprise Fund <u>Food Service Fund</u>
OPERATING REVENUES	
Food Sales	\$ 645,933
State Sources	8,839
Federal Sources	<u>244,625</u>
Total Operating Revenues	899,397
OPERATING EXPENSES	
Salaries and Wages	95,728
Employer Paid Benefits	41,323
Supplies, Food, and Materials	346,968
Purchased Services	409,432
Depreciation and Amortization	<u>6,200</u>
Total Operating Expenses	<u>899,651</u>
OPERATING LOSS	(254)
Net Position - Beginning of Year	<u>78,979</u>
NET POSITION - END OF YEAR	<u><u>\$ 78,725</u></u>

See accompanying Notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities - Enterprise Fund Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	\$ 603,611
Cash Received from Other Government Payments	253,464
Cash Payments to Employees for Services	(136,594)
Cash Payments to Suppliers for Goods and Services	(770,521)
Net Cash Used by Operating Activities	<u>(50,040)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,040)
Cash and Cash Equivalents - Beginning of Year	<u>93,543</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 43,503</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (254)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	6,200
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Increase (Decrease) in:	
Accounts Receivable	(42,322)
Deferred Outflows of Resources Related to Pensions	10,701
Increase (Decrease) in:	
Accounts Payable	(14,121)
Accrued Liabilities	(1,081)
Net Pension Liability	885
Deferred Inflows of Resources Related to Pensions	(10,048)
Net Cash Used by Operating Activities	<u><u>\$ (50,040)</u></u>

See accompanying Notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
JUNE 30, 2025**

	<u>Private Purpose Trust Funds</u>	<u>OPEB Trust Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 838,443	\$ 291,363
Investments	-	1,541,220
Receivables:		
Due from Primary Government	<u>723</u>	<u>-</u>
Total Assets	<u>839,166</u>	<u>1,832,583</u>
NET POSITION		
Restricted for:		
Scholarships	839,166	-
OPEB Benefits	<u>-</u>	<u>1,832,583</u>
Total Net Position	<u><u>\$ 839,166</u></u>	<u><u>\$ 1,832,583</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, 2025**

	<u>Private Purpose Trust Funds</u>	<u>OPEB Trust Funds</u>
ADDITIONS		
Investment Income	\$ 446,708	\$ 32,061
Contributions	-	226,416
Adjustments	679,589	-
Gifts	15,050	-
Total Additions	<u>1,141,347</u>	<u>258,477</u>
DEDUCTIONS		
Scholarships Awarded	2,885,580	-
Purchased Services	179	-
Distributions to participants	-	50,692
Total Deductions	<u>2,885,759</u>	<u>50,692</u>
CHANGES NET POSITION	(1,744,412)	207,785
Net Position - Beginning of Year, as Previously Reported	2,583,578	-
Restatement	-	1,624,798
Net Position - Beginning of Year, Restated	<u>2,583,578</u>	<u>1,624,798</u>
NET POSITION - END OF YEAR	<u><u>\$ 839,166</u></u>	<u><u>\$ 1,832,583</u></u>

See accompanying Notes to Basic Financial Statements.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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.

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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Other Capital Projects Fund

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

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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

Special Revenue Trust Fund
Other Package and Cooperative Program
Community Service Fund

Long-Term Capital Improvement Trust Fund – used to account for future capital improvements at the district.

Debt Service- this fund accounts for the resources accumulated and payments made for principal and interest on long term debt.

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.

OPEB Trust Fund

The OPEB Trust Fund accounts for assets held that were accumulated to provide HRA benefits to participating active employees and retirees.

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 basic financial statements of various kinds of transactions or events.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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 proprietary 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.

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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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 (Continued)

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 to 50
Improvements	7 to 50
Furniture and Equipment	5 to 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, 2025.

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, 2025.

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.G. and 2.H.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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 (Continued)

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.G. and 2.H.

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.

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 leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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

The classifications of fund balances are described as follows:

- **Nonspendable Fund Balance.** 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.** 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.** 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.** 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.

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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 basic 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 basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

17. Change in Accounting Principle

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The adoption of this standard did not result in the restatement of any previously reported balances.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

17. Change in Accounting Principle (Continued)

In March 2024, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. This standard establishes requirements for governments to disclose information about risks that could significantly affect their ability to provide services or meet obligations. It focuses on enhancing transparency by requiring disclosures related to concentrations of risk, constraints on resources, and vulnerabilities arising from external factors. The goal of GASB 102 is to improve the usefulness and comparability of basic financial statements by providing stakeholders with clearer insight into potential risks impacting governmental operations. This standard did not have any impact on the basic financial statements of the District in the current year

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".

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the District's cash and investments totaled \$13,552,195 on June 30, 2025 as summarized below:

	Book Balance	Financial Institution Balance
Petty Cash	\$ 454	\$ -
Demand Deposits	10,898,440	10,032,723
Certificates of Deposits	2,355,603	2,355,603
Wisconsin Investment Series Cooperative:		
Cash Management Series	5,938	5,938
Investment Series	83,722	83,722
Mutual Funds	1,541,220	1,541,220
U.S. Treasury	499,401	499,401
Total	<u>\$ 15,384,778</u>	<u>\$ 14,518,607</u>

Reconciliation to the basic financial statements:

Reconciliation to the Statement of Net Position:

Government Activities	\$ 12,670,249
Business-Type Activities	43,503
Fiduciary Activities	2,671,026
Total	<u>\$ 15,384,778</u>

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, 2025:

	Total	Level 1	Level 2	Level 3
Certificates of Deposits	\$ 2,355,603	\$ -	\$ 2,355,603	\$ -
Mutual Funds	1,541,220	1,541,220	-	-
U.S. Treasury	499,401	499,401	-	-
Total	<u>\$ 4,396,224</u>	<u>\$ 2,040,621</u>	<u>\$ 2,355,603</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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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, 2025, \$0 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. The District has \$631,578 collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name. No amounts were uninsured and uncollateralized.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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.

	Total	AAAm	Not Rated
Certificates of Deposits	\$ 2,355,603	\$ -	\$ 2,355,603
Wisconsin Investment Series			
Cooperative:			
Cash Management Series	5,938	-	5,938
Investment Series	83,722	83,722	-
Mutual Funds	1,541,220	-	1,541,220
US Treasury	499,401	-	499,401
Total	<u>\$ 4,485,884</u>	<u>\$ 83,722</u>	<u>\$ 4,402,162</u>

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:

	Total	< 12 Months	12-24 Months	24-36 Months	36-48 Months
Certificates of Deposits	\$ 2,355,603	\$ -	\$ 2,355,603	\$ -	\$ -
Wisconsin Investment Series					
Cooperative:					
Cash Management Series	5,938	5,938	-	-	-
Investment Series	83,722	83,722	-	-	-
Mutual Funds	1,541,220	1,541,220	-	-	-
US Treasury	499,401	-	-	499,401	-
Total	<u>\$ 4,485,884</u>	<u>\$ 1,630,880</u>	<u>\$ 2,355,603</u>	<u>\$ 499,401</u>	<u>\$ -</u>

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital assets activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 214,307	\$ -	\$ -	\$ 214,307
Construction in Progress	797,839	64,810	797,839	64,810
Total Capital Assets Not Being Depreciated	1,012,146	64,810	797,839	279,117
Capital Assets Being Depreciated:				
Land Improvements	1,718,690	2,274,536	-	3,993,226
Buildings and Improvements	61,965,172	-	-	61,965,172
Furniture and Equipment	2,394,733	568,422	-	2,963,155
Right-of-Use Asset - Equipment	-	32,673	-	32,673
Total Capital Assets Being Depreciated	66,078,595	2,875,631	-	68,954,226
Less: Accumulated Depreciation for:				
Land Improvements	391,658	185,837	-	577,495
Buildings and Improvements	29,158,399	1,075,536	-	30,233,935
Furniture and Equipment	1,585,899	178,433	-	1,764,332
Right-of-Use Asset - Equipment	-	9,076	-	9,076
Total Accumulated Depreciation	31,135,956	1,448,882	-	32,584,838
Total Capital Assets Being Depreciated, Net	34,942,639	1,426,749	-	36,369,388
Governmental Activities, Net	35,954,785	1,491,559	797,839	36,648,505
Business-Type Activities:				
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	137,298	6,200	-	143,498
Total Accumulated Depreciation	137,298	6,200	-	143,498
Total Capital Assets Being Depreciated, Net	12,580	(6,200)	-	6,380
Business-Type Activities, Net	\$ 12,580	\$ (6,200)	\$ -	\$ 6,380

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

For the year ended June 30, 2025, depreciation and amortization expense has been charged to the following functions:

Instruction	\$ 53,609
Support Services	275,867
Depreciation - Unallocated	1,119,406
Total Depreciation for Governmental Activities	<u>\$ 1,448,882</u>

C. Interfund Receivables, Payables and Transfers

The District did not report any interfund receivables or payables as of June 30, 2025.

The District reported interfund transfers from the general fund to the package cooperative fund in the amount of \$6,348 for the year ended June 30, 2025. The transfers were done for the purpose of cost recovery.

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Refunding Bonds,					
Series 2017	\$ 3,525,000	\$ -	\$ -	\$ 3,525,000	\$ -
School Building Bond,					
Series 2017	5,255,000	-	870,000	4,385,000	915,000
State Trust Fund Loan -					
Direct Placement	351,646	-	54,708	296,938	56,213
Bond Premium	379,902	-	90,940	288,962	78,994
Bond Discount	-	-	-	-	-
Total General					
Obligation Debt	9,511,548	-	1,015,648	8,495,900	1,050,207
Financed Purchase					
Arrangements	63,168	-	43,500	19,668	19,668
Lease Liability -					
Right-to-Use-Asset	-	32,673	10,818	21,855	10,872
Compensated Absences	293,437	136,336	-	429,773	136,000
Total Governmental					
Activities	<u>\$ 9,868,153</u>	<u>\$ 169,009</u>	<u>\$ 1,069,966</u>	<u>\$ 8,967,196</u>	<u>\$ 1,216,747</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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Total interest paid during the year on long-term debt totaled \$282,383.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Issue Dates	Interest Rates	Maturity Date	Original Amount	Balance 6/30/2024
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	4,385,000
State Trust Fund Loan - Direct Placement	9/1/2020	2.75%	3/15/2030	500,000	296,938
Total General Obligation Debt					<u>\$ 8,206,938</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$8,206,938 on June 30, 2025 are detailed below:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,207,656	129,386	1,337,042
2031-2034	2,800,000	158,150	2,958,150
Total	<u>\$ 8,206,938</u>	<u>\$ 1,128,169</u>	<u>\$ 9,335,107</u>

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2025 was \$202,295,638 as follows:

Equalized Valuation of the District	\$ 2,105,025,761
Statutory Limitation Percentage	(x) 10%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	210,502,576
Outstanding General Obligation Debt Applicable to Debt Limitation	8,206,938
Legal Margin for New Debt	<u>\$ 202,295,638</u>

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Financed Purchased Agreements

Financed purchase agreements currently outstanding is detailed as follows:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 6/30/2025</u>
Financed Purchase					
Arrangement, Chromebooks	4/15/2022	6.54%	6/1/2026	\$ 72,600	\$ 19,668
Total General Obligation Debt					<u>\$ 19,668</u>

Annual principal and interest maturities of the outstanding financed purchase agreements of \$19,668 on June 30, 2025 are detailed below:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 19,668	\$ 671	\$ 20,339
Total	<u>\$ 19,668</u>	<u>\$ 671</u>	<u>\$ 20,339</u>

E. Leases

The District is required to make various principal and interest payments on lease agreements. The District used the incremental borrowing rate as the interest rate for the right-to-use asset agreements if an interest rate was not provided in the lease agreement. The future principle and interest payments for these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 10,872	\$ 128	\$ 11,000
2027	10,983	18	11,001
Total	<u>\$ 21,855</u>	<u>\$ 146</u>	<u>\$ 22,001</u>

The assets acquired through right-to-use asset lease agreements are as follows:

	<u>Governmental Activities</u>
Right-to-Use Assets:	
Leased Asset - Equipment	\$ 32,673
Subtotal	32,673
Less: Accumulated Amortization:	
Equipment	(9,076)
Total	<u>\$ 23,597</u>

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans

1. WRS Pension Plan Description

Plan Description

The WRS is a cost-sharing, multiemployer, 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.

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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Benefits Provided (Continued)

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 Ended June 30,</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)
2024	3.6	15.0

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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 \$860,428 in contributions from the District.

Contribution rates for the reporting period are:

	<u>Employee</u>	<u>Employer</u>
Employee Category:		
General (Including Teachers, Executives, and Elected Officials)	6.90%	6.90%
Protective With Social Security	6.90%	14.30%
Protective Without Social Security	6.90%	19.10%

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

At June 30, 2025, the District reported a liability of \$981,240 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. 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, 2024, the District's proportion was 0.05971645%%, which was a decrease of 0.00200757% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$1,330,180.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

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

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Experience	\$ 3,047,287	\$ 2,863,494
Net Differences Between Projected and Actual Earning on Pension Plan Investments	1,491,046	-
Changes in Assumptions	291,153	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	22,792	-
District Contributions Subsequent to the Measurement Date	518,715	-
Total	<u>\$ 5,370,993</u>	<u>\$ 2,863,494</u>

The \$518,715 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, 2026. 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>Amortization of Deferred Outflows and Inflows (Net)</u>
2026	\$ 603,765
2027	2,042,702
2028	(501,359)
2029	(156,324)
2030	-
Total	<u>\$ 1,988,784</u>

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability (Asset):	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.7%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

*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. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. The Total Pension Liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	38.0 %	7.0 %	4.3 %
Public Fixed Income	27.0	6.1	3.4
Inflation Sensitive	19.0	4.8	2.1
Real Estate	8.0	6.5	3.8
Private Equity/Debt	20.0	9.5	6.7
Leverage	(12.0)	3.7	1.1
Total Core Fund	100.0 %	7.5 %	4.8 %
Variable Fund Asset Class:			
U.S. Equities	70.0 %	6.5 %	3.8 %
International Equities	30.0	7.4	4.7
Total Variable Fund	100.0 %	6.9 %	4.2 %

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

- 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: 2.6%
- 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%

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

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 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.). 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.

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)	\$ 9,205,313	\$ 981,240	\$ (4,861,728)

Payable to the Pension Plan

The District reported a payable of \$317,477 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2025.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

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 basic financial statements.

Employees Covered by Benefit Terms

As of the June 30, 2024 valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	28
Active Employees	87
Total	<u>115</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, 2025.

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, 2024, the District's average contribution rate was 0.0% 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	\$ 941,052
Changes for the Year:	
Service Cost	40,392
Interest	36,717
Changes of Benefit Terms	-
Differences Between Expected and Actual	(59,116)
Changes of Assumptions or Other Input	(2,642)
Benefit Payments	<u>(144,416)</u>
Net Changes	<u>(129,065)</u>
Total Pension Liability at June 30, 2024	<u>\$ 811,987</u>

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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)

For the year ended June 30, 2025, the District recognized pension expense of \$61,428.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 23,805	\$ 78,704
Changes in Assumptions	9,459	37,857
Total	<u>\$ 33,264</u>	<u>\$ 116,561</u>

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>
2025	\$ (15,681)
2026	(15,680)
2027	(24,702)
2028	(9,586)
2029	(8,822)
Thereafter	(8,826)
Total	<u>\$ (83,297)</u>

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

2. Supplemental Pension Plan (Continued)

Actuarial Assumptions (Continued)

The total pension liability in the June 30, 2024 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, 2024
Measurement Date	June 30, 2024
Reporting Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Discount Rate	4.21%
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) 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.

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, 2024 calculated using the discount rate of 4.21%, 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 (3.21%) or 1-percentage-point higher (5.21%) than the current rate.

	1% Decrease to Discount Rate 3.21%	Current Discount Rate 4.21%	1% Increase to Discount Rate 5.21%
Total Pension Liability	\$ 845,328	\$ 811,987	\$ 779,406

The sensitivity of the District's total pension liability was determined based on the actuarial date while the net pension liability of \$811,987 was based on the District's fiscal year ended June 30, 2025.

Payable to the Supplemental Pension Plan

At June 30, 2025, the District reported no payables to the plan.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits

1. Retiree Health Insurance OPEB

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, 2024 actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefit Payments	27
Active Employees	221
Total	<u>248</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, 2024, the District's average contribution rate was 0.0% of employee-covered payroll to the plan. Employees are not required to contribute to the plan.

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Retiree Health Insurance OPEB (Continued)

Actuarial Assumptions (Continued)

The total OPEB liability in the June 30, 2024 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, 2024
Measurement Date	June 30, 2024
Reporting Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal - Level Percent of Salary
Inflation	2.50%
Discount Rate	4.21%
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, 2024 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 4.21%, which is an increase 0.80% 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.

Changes in the Net OPEB Liability

	Total OPEB Liability
Balance - June 30, 2024	\$ 102,376
Changes for the Year:	
Service Cost	7,061
Interest	4,374
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(11,329)
Changes of Assumptions	1,515
Benefit Payments	-
Net Changes	<u>1,621</u>
Balance - June 30, 2025	<u><u>\$ 103,997</u></u>

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Retiree Health Insurance OPEB (Continued)

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 (3.21%) or 1-percentage-point higher (5.21%) than the current rate:

	1% Decrease to Discount Rate 3.21%	Current Discount Rate 4.21%	1% Increase to Discount Rate 5.21%
Net OPEB Liability (Asset)	\$ 109,964	\$ 103,997	\$ 98,256

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)	\$ 95,970	\$ 103,997	\$ 113,132

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.

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$(11,038). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 45,986	\$ 122,705
Changes of Assumptions or Other Input	4,853	18,831
Total	\$ 50,839	\$ 141,536

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Retiree Health Insurance OPEB (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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 Ending June 30,</u>	<u>Amortization of Deferred Outflows and Inflows (Net)</u>
2026	\$ (22,473)
2027	(22,478)
2028	(4,671)
2029	(4,868)
2030	(4,872)
Thereafter	(31,335)
Total	<u>\$ (90,697)</u>

Payable to the OPEB Plan

At June 30, 2025, the District reported no payables to the plan.

2. HRA Defined Contribution Plan

Single Employer Defined Contribution Plan

The District contributes to the Health Reimbursement Arrangement for Retirees (the HSA Plan), a defined contribution OPEB plan, for its support staff employees and certain retirees as of June 2025. The HSA Plan is administered by the District.

Benefit terms, including contribution requirements, for the HSA Plan are established and may be amended by the District's board. For each employee in the OPEB plan, the District is required to contribute \$1,000 per year of eligible service to an individual employee account. For the year ended June 30, 2025, employer contributions totaled \$203,850, contributions payable totaled \$-0-, and the District recognized OPEB expense of \$203,850.

Employees become vested in District contributions and earnings on District contributions at age 55 and retirement or on a scale based on years of creditable service with the District. Nonvested District contributions are forfeited upon termination of employment. Such forfeitures are used to reduce future District contributions. For the year ended June 30, 2025, forfeitures reduced the District's OPEB expense by \$291,363.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. HRA Defined Contribution Plan (Continued)

Plan Membership

At June 30, 2024, membership consisted of 220 general employees, which includes teachers, administrators and support staff.

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, 2025, restricted fund balance was as follows:

	General Fund	Capital Expansion Fund	Other Capital Projects	Other Nonmajor Funds	Total
Restricted:					
Special Revenue Trust	\$ -	\$ -	\$ -	\$ 346,632	\$ 346,632
Community Service Fund	-	-	-	754,017	754,017
Capital Expansion	-	2,979,252	2,256,681	-	5,235,933
Long-Term Capital Improvement	-	-	-	1,195	1,195
Debt Service Fund	-	-	-	191,680	191,680
Total Restricted	-	2,979,252	2,256,681	1,293,524	6,529,457
Unassigned	9,991,957	-	-	-	9,991,957
Total Fund Balance	<u>\$ 9,991,957</u>	<u>\$ 2,979,252</u>	<u>\$ 2,256,681</u>	<u>\$ 1,293,524</u>	<u>\$ 16,521,414</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2025, 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, 2025, the District did not report any assigned fund.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Net Position

The District reports restricted net position at June 30, 2025 as follows:

	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets:			
Capital Assets, Net	\$ 36,648,505	\$ 6,380	\$ 36,654,885
Less: G.O. Bonds and Notes	(8,206,938)	-	(8,206,938)
Less: G.O. Bonds and Notes Premium	(288,962)	-	(288,962)
Less: Financed Purchase Arrangements	(19,668)	-	(19,668)
Less: Lease Liability-Right of Use Asset	(21,855)	-	(21,855)
Less: Retainage Payable	(75,064)	-	(75,064)
Total Net Investment in Capital Assets	28,036,018	6,380	28,042,398
Restricted:			
Food Service	-	72,345	72,345
Special Revenue Trust	346,632	-	346,632
Community Service Fund	754,017	-	754,017
Capital Expansion	3,054,316	-	3,054,316
Long-Term Capital Improvement	1,195	-	1,195
Other Capital Projects	2,256,681	-	2,256,681
Debt Service Fund	109,217	-	109,217
Total Restricted	6,522,058	72,345	6,594,403
Unrestricted	9,988,718	-	9,988,718

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, 2025.

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.

**LODI SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

Self-Funded Insurance Program (Continued)

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.

D. Restatement of Beginning Net Position and Fund Balance

Correction of an Error in Previously Issued Basic Financial Statements

During fiscal year 2025, the District determined that Defined Contribution OPEB Plan - HRA was not reported. Therefore, OPEB Trust Fiduciary Fund assets and net position were understated by \$1.6 million for the fiscal year ended June 30, 2024. The effect of correcting that error is shown in the table below.

	June 30, 2024, As Previously Reported	Error Correction	June 30, 2024 As Adjusted or Restated
Fiduciary Funds:			
Pension and Other Employee			
Benefit Trust Funds	\$ -	\$ 1,624,798	\$ 1,624,798

REQUIRED SUPPLEMENTARY INFORMATION

**LODI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE –
BUDGET TO ACTUAL – GENERAL FUND (10)
YEAR ENDED JUNE 30, 2025**

	General Fund (10)			
	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property Taxes	\$ 14,335,016	\$ 14,335,016	\$ 12,746,568	\$ (1,588,448)
Other Local Sources	280,848	280,848	396,219	115,371
Interdistrict Sources	1,029,540	1,029,540	1,035,965	6,425
Intermediate Sources	10,938	10,938	9,420	(1,518)
State Sources	7,917,931	7,917,931	8,653,774	735,843
Federal Sources	80,546	80,546	137,773	57,227
Other Sources	377,000	377,000	516,440	139,440
Total Revenues	24,031,819	24,031,819	23,496,159	(535,660)
EXPENDITURES				
Current:				
Instruction:				
Regular Instruction	9,976,036	9,976,036	9,308,155	667,881
Vocational Instruction	491,202	491,202	477,550	13,652
Co-Curricular Activities	645,555	645,555	610,865	34,690
Physical Curriculum	584,904	556,025	537,384	18,641
Total Instruction	11,697,697	11,668,818	10,933,954	734,864
Support Services:				
Pupil Services	351,288	351,288	368,184	(16,896)
Instructional Staff Services	1,187,431	1,197,901	1,142,097	55,804
General Administration Services	530,280	540,704	513,554	27,150
Building Administration Services	1,506,589	1,432,470	1,320,813	111,657
Business Services	578,679	578,679	602,429	(23,750)
Central Services	55,516	39,522	52,822	(13,300)
Insurance	252,114	252,114	217,500	34,614
Other Support Services	746,980	746,980	735,539	11,441
Total Support Services	9,381,110	9,311,891	9,113,410	198,481
Debt Service:				
Principal	20,676	20,676	54,318	(33,642)
Interest	-	-	2,942	(2,942)
Total Debt Service	20,676	20,676	57,260	(36,584)
Total Expenditures	21,099,483	21,001,385	20,104,624	896,761
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,932,336	3,030,434	3,391,535	(1,432,421)
OTHER FINANCING SOURCES (USES)				
Leases	-	-	32,673	32,673
Transfers In	-	-	6,348	6,348
Transfers Out	(3,041,961)	(2,778,759)	(2,587,512)	(191,247)
Total Other Financing Sources (Uses)	(3,041,961)	(2,778,759)	(2,548,491)	(152,226)
NET CHANGES IN FUND BALANCES	(109,625)	251,675	843,044	(1,584,647)
Fund Balance - Beginning	9,148,913	9,148,913	9,148,913	-
FUND BALANCES - END OF YEAR	<u>\$ 9,039,288</u>	<u>\$ 9,400,588</u>	<u>\$ 9,991,957</u>	<u>\$ 591,369</u>

See accompanying Notes to Required Supplementary Information.

**LODI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE –
BUDGET TO ACTUAL – SPECIAL EDUCATION FUND (27)
YEAR ENDED JUNE 30, 2025**

	Special Education Fund (27)			
	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Other Local Sources	\$ 4,486	\$ 4,486	\$ 2,684	\$ (1,802)
Interdistrict Sources	4,610	4,610	-	(4,610)
Intermediate Sources	13,753	13,753	4,915	(8,838)
State Sources	1,282,983	1,447,223	1,198,755	(248,468)
Federal Sources	421,281	421,281	499,778	78,497
Total Revenues	1,727,113	1,891,353	1,706,132	(185,221)
EXPENDITURES				
Current:				
Instruction:				
Special Instruction	3,631,276	3,634,941	3,433,884	201,057
Total Instruction	3,631,276	3,634,941	3,433,884	201,057
Support Services:				
Pupil Services	423,528	423,528	400,581	22,947
Instructional Staff Services	222,077	222,077	210,996	11,081
Insurance	-	-	5,000	(5,000)
Total Support Services	1,038,839	1,038,839	859,760	179,079
Total Expenditures	4,670,115	4,673,780	4,293,644	380,136
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,670,115)	(2,782,427)	(2,587,512)	(565,357)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,041,961	2,778,759	2,587,512	(191,247)
Total Other Financing Sources (Uses)	3,041,961	2,778,759	2,587,512	(191,247)
NET CHANGES IN FUND BALANCES	(1,628,154)	(3,668)	-	(756,604)
Fund Balance - Beginning, As Originally Reported	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ (1,628,154)</u>	<u>\$ (3,668)</u>	<u>\$ -</u>	<u>\$ 3,668</u>

See accompanying Notes to Required Supplementary Information.

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
12/31/2024	0.05971645	981,240	11,962,837	8.20	98.79

See accompanying Notes to 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%
6/30/2025	860,428	860,428	-	11,962,837	7.19%

See accompanying Notes to Required Supplementary Information.

LODI SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS –
SUPPLEMENTAL PENSION (STIPEND) PLAN
LAST TEN MEASUREMENT PERIODS

	2024	2023	2022	2021	2020	2019	2018	2017
Total Stipend Liability:								
Service Cost	\$ 40,392	\$ 39,441	\$ 62,619	\$ 61,241	\$ 68,960	\$ 64,545	\$ 51,227	\$ 51,227
Interest	36,717	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	(59,116)	-	(56,068)	-	8,393	-	92,946	-
Changes in Assumptions or Other Input	(2,642)	(4,594)	(59,832)	-	13,613	13,068	(11,756)	-
Benefit Payments	<u>(144,416)</u>	<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 Stipend Liability	(129,065)	(88,643)	(235,674)	(53,497)	73,705	77,794	51,340	19,776
Total Stipend Liability, Beginning	<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>	<u>1,096,251</u>
Total Stipend Liability, Ending	<u><u>\$ 811,987</u></u>	<u><u>\$ 941,052</u></u>	<u><u>\$ 1,029,695</u></u>	<u><u>\$ 1,265,369</u></u>	<u><u>\$ 1,318,866</u></u>	<u><u>\$ 1,245,161</u></u>	<u><u>\$ 1,167,367</u></u>	<u><u>\$ 1,116,027</u></u>
Covered Payroll	\$ 5,917,318	\$ 5,619,366	\$ 5,619,366	\$ 7,173,325	\$ 7,173,325	\$ 6,852,531	\$ 6,852,531	\$ 7,138,283
Net Stipend Liability as a Percentage of Covered Payroll	13.72 %	16.75 %	18.32 %	17.64 %	18.39 %	18.17 %	17.04 %	15.63 %

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.

See accompanying Notes to Required Supplementary Information.

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

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 7,061	\$ 6,911	\$ 10,133	\$ 9,910	\$ 7,923	\$ 7,378	\$ 13,594	\$ 13,594
Interest	4,374	3,837	4,911	4,665	4,283	6,635	16,540	23,519
Changes in Benefits	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(11,329)	-	(120,079)	-	91,976	-	(128,036)	-
Changes in Assumptions or Other Input	1,515	(848)	(15,707)	-	5,790	1,789	(32,205)	-
Benefit Payments	-	-	-	(7,440)	(44,587)	(96,690)	(228,176)	(244,819)
Net Change in Total OPEB Liability	1,621	9,900	(120,742)	7,135	65,385	(80,888)	(358,283)	(207,706)
Total OPEB Liability, Beginning	102,376	92,476	213,218	206,083	140,698	221,586	579,869	787,575
Total OPEB Liability, Ending	<u>\$ 103,997</u>	<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	\$ 11,382,843	\$ 10,363,183	\$ 10,363,183	\$ 9,707,567	\$ 9,707,567	\$ 9,383,264	\$ 9,383,264	\$ 6,241,118
Net OPEB Liability as a Percentage of Covered Payroll	0.91 %	0.99 %	0.89 %	2.20 %	2.12 %	1.50 %	2.36 %	9.29 %

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.

See accompanying Notes to Required Supplementary Information.

**LODI SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

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.

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%.

**LODI SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

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, 2025.

SUPPLEMENTARY INFORMATION

**LODI SCHOOL DISTRICT
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	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	\$ 346,632	\$ -	\$ 762,025	\$ 1,195	\$ 110,188	\$ 1,220,040
Investments	-	-	-	-	81,492	81,492
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,492</u>	<u>81,492</u>
Total Assets	<u>\$ 346,632</u>	<u>\$ -</u>	<u>\$ 762,025</u>	<u>\$ 1,195</u>	<u>\$ 191,680</u>	<u>\$ 1,301,532</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 6,860	\$ -	\$ -	\$ 6,860
Accrued Salaries and Related Benefits	-	-	1,148	-	-	1,148
Total Liabilities	<u>-</u>	<u>-</u>	<u>8,008</u>	<u>-</u>	<u>-</u>	<u>8,008</u>
FUND BALANCES						
Restricted:						
Special Revenue Trust	346,632	-	-	-	-	346,632
Community Services	-	-	754,017	-	-	754,017
Long-Term Capital Improvement	-	-	-	1,195	-	1,195
Debt Service	-	-	-	-	191,680	191,680
Total Fund Balances	<u>346,632</u>	<u>-</u>	<u>754,017</u>	<u>1,195</u>	<u>191,680</u>	<u>1,293,524</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 346,632</u>	<u>\$ -</u>	<u>\$ 762,025</u>	<u>\$ 1,195</u>	<u>\$ 191,680</u>	<u>\$ 1,301,532</u>

LODI SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue Trust	Package- Cooperative Fund	Community Service Fund	Long-Term Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
REVENUES						
Property Taxes	\$ -	\$ -	\$ 250,000	\$ -	\$ 1,194,041	\$ 1,444,041
Other Local Sources	213,100	15,977	322,699	-	-	551,776
Interdistrict Sources	-	115	-	-	-	115
Intermediate Sources	-	-	4,167	-	-	4,167
Other Sources	-	-	-	54	9,400	9,454
Total Revenues	213,100	16,092	576,866	54	1,203,441	2,009,553
EXPENDITURES						
Current:						
Instruction:						
Regular Instruction	11,782	-	-	-	-	11,782
Vocational Instruction	2,475	-	-	-	-	2,475
Co-Curricular Activities	135,595	9,744	-	-	-	145,339
Total Instruction	149,852	9,744	-	-	-	159,596
Support Services:						
Instructional Staff Services	16,096	-	-	-	-	16,096
Building Administration Services	11,799	-	-	-	-	11,799
Operation and Maintenance	916	-	25,150	-	-	26,066
Other Support Services	-	-	9,541	-	-	9,541
Total Support Services	28,811	-	36,186	-	-	64,997
Community Services	-	-	522,843	-	-	522,843
Debt Service:						
Principal	-	-	-	-	924,708	924,708
Interest	-	-	-	-	283,332	283,332
Total Debt Service	-	-	-	-	1,208,040	1,208,040
Total Expenditures	178,663	9,744	559,029	-	1,208,040	1,955,476
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34,437	6,348	17,837	54	(4,599)	54,077
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	(6,348)	-	-	-	(6,348)
Total Other Financing Sources (Uses)	-	(6,348)	-	-	-	(6,348)
NET CHANGES IN FUND BALANCES	34,437	-	17,837	54	(4,599)	47,729
Fund Balance - Beginning	312,195	-	736,180	1,141	196,279	1,245,795
FUND BALANCES - END OF YEAR	<u>\$ 346,632</u>	<u>\$ -</u>	<u>\$ 754,017</u>	<u>\$ 1,195</u>	<u>\$ 191,680</u>	<u>\$ 1,293,524</u>

**LODI SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2025**

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	\$ 5,873
Noncapital Objects	400	21,234
Total		<u>\$ 27,106</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 BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Lodi School District
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 basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lodi School District, as of and for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the Lodi School District's basic financial statements, and have issued our report thereon dated December 11, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lodi School 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 Lodi School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lodi School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

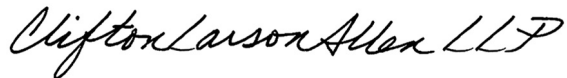
As part of obtaining reasonable assurance about whether Lodi School District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

Lodi School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Lodi School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Lodi School District's response was not subjected to the other auditing procedures applied in the audit of the basic 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Middleton, Wisconsin
December 11, 2025

**LODI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

2025 – 001: Preparation of the Basic 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 basic 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 fiduciary net position balance.

Criteria or specific requirement: District management is responsible for establishing and maintaining internal controls over the fair presentation of the basic 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 basic 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 basic financial statements and related footnote disclosures. However, they have reviewed and approved the annual basic financial statements and the related footnote disclosures.

Repeat Finding: Yes, 2024-001

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 (CONTINUED)
YEAR ENDED JUNE 30, 2025**

2025 – 002: 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: Yes, 2024-003

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.

