

TOWN OF LODI, WISCONSIN

Annual Financial Report

December 31, 2023

 KerberRose

www.kerberrose.com

TOWN OF LODI, WISCONSIN

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December 31, 2023

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Lodi
Lodi, Wisconsin

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Town of Lodi, Wisconsin (Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Lodi, Wisconsin (Town), as of December 31, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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.

Basis of Accounting

We draw your attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

To the Town Board
Town of Lodi, Wisconsin

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Other Information

Management is responsible for the other information included in this annual financial report. The other information comprises of the budgetary comparison schedule – cash basis – general fund, budgetary comparison – detailed schedule of revenues – cash basis – general fund, and budgetary comparison – detailed schedule of expenditures – cash basis – general fund but does not include the financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
April 9, 2024

FINANCIAL STATEMENTS

TOWN OF LODI, WISCONSIN
 Statements of Activities and Net Position - Cash Basis
 As of and For the Year Ended December 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES					
General Government	\$ 331,700	\$ 81,507	\$ -	\$ -	\$ (250,193)
Public Safety	258,260	1,186	-	101,195	(155,879)
Health and Social Services	2,821	-	-	-	(2,821)
Public Works	532,283	15,362	9,053	94,339	(413,529)
Leisure Activities	50,347	-	-	-	(50,347)
Conservation and Development	4,286	-	-	-	(4,286)
Debt Service	8,974	-	-	-	(8,974)
Total Governmental Activities	<u>\$ 1,188,671</u>	<u>\$ 98,055</u>	<u>\$ 9,053</u>	<u>\$ 195,534</u>	<u>(886,029)</u>
General Revenues					
Property Taxes, Levied for General Purposes					753,559
Other Taxes					19,865
State and Federal Aids not Restricted to Specific Functions					71,516
Interest and Investment Earnings					77,259
Sale of Materials					33,758
Miscellaneous					21,392
Total General Revenues					<u>977,349</u>
CHANGE IN NET POSITION					91,320
NET POSITION - BEGINNING OF YEAR, AS RESTATED					<u>698,491</u>
NET POSITION - END OF YEAR					<u>\$ 789,811</u>
ASSETS					
Cash					\$ 921,047
Restricted Cash					339,768
Total Assets					<u>1,260,815</u>
LIABILITIES					
Payroll Taxes Payable					1,580
Unearned Revenue					
American Rescue Plan Act Fund					129,656
Total Liabilities					<u>131,236</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes Levied for Subsequent Year					<u>339,768</u>
NET POSITION					
Unrestricted					<u>\$ 789,811</u>

TOWN OF LODI, WISCONSIN

Statement of Assets, Liabilities, Deferred Inflows of Resources and Fund Balance -

Cash Basis - General Fund

As of December 31, 2023

ASSETS

Cash	\$	921,047
Restricted Cash		339,768
Total Assets	\$	1,260,815

LIABILITIES

Payroll Taxes Payable	\$	1,580
Unearned Revenue		
American Rescue Plan Act Fund		129,656
Total Liabilities		131,236

DEFERRED INFLOWS OF RESOURCES

Taxes Levied for Subsequent Year		339,768
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FUND BALANCE

Committed for Fire and EMS		113,888
Assigned for Parks		50,068
Assigned for Town Hall		2,532
Assigned for Transfer Site		6,501
Assigned for Okke Bay Lake Association		10,000
Unassigned		606,822
Total Fund Balance		789,811

**TOTAL LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND BALANCE**

\$ 1,260,815

TOWN OF LODI, WISCONSIN

Statement of Revenues, Expenditures and Change
in Fund Balance - Cash Basis - General Fund
For the Year Ended December 31, 2023

REVENUES

Taxes	\$	769,829
Special Assessments		277
Intergovernmental		279,698
Licenses and Permits		61,736
Public Charges For Service		36,042
Miscellaneous		132,409
Total Revenues		<u>1,279,991</u>

EXPENDITURES

General Government		331,700
Public Safety		258,260
Public Works		472,957
Health and Human Services		2,821
Culture and Recreation		50,347
Conservation and Development		4,286
Capital Outlay		59,326
Debt Service:		
Principal		8,608
Interest		366
Total Expenditures		<u>1,188,671</u>

CHANGE IN FUND BALANCE		91,320
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED		<u>698,491</u>
FUND BALANCE - ENDING	\$	<u><u>789,811</u></u>

TOWN OF LODI, WISCONSIN
Statement of Fiduciary Net Position
Cash Basis - Fiduciary Fund
As of December 31, 2023

	<u>Custodial Fund</u>
	<u>Tax Collection</u>
	<u>Fund</u>
ASSETS	
Restricted Cash	\$ 5,198,225
LIABILITIES	
Due to Other Taxing Units Jurisdictions	5,198,225
NET POSITION	<u>\$ -</u>

See Accompanying Notes

TOWN OF LODI, WISCONSIN
Statement of Changes in Fiduciary Net Position
Cash Basis - Fiduciary Fund
For the Year Ended December 31, 2023

	<u>Custodial Fund</u>
	<u>Tax Collection</u>
	<u>Fund</u>
ADDITIONS	
Taxes Collected on Behalf of Other Taxing Entities	\$ 7,460,751
DEDUCTIONS	
Taxes Remitted to Other Taxing Entities	7,460,751
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING	-
NET POSITION - ENDING	\$ -

See Accompanying Notes

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Town of Lodi, Wisconsin (Town) is presented to assist in understanding the Town's financial statements. The financial statements and notes are representations of the Town's management who is responsible for the integrity and objectivity of the financial statements. These financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). These cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the cash basis of accounting. These accounting policies have been consistently applied in the preparation of the financial statements.

Reporting Entity

This report includes all of the funds of the Town of Lodi. The reporting entity for the Town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Town of Lodi has no component units.

Government-Wide Statements

The statements of activities and net position report information about the Town's governmental activities. The statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating and capital grants and contributions. Taxes and other items not properly included as program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds which are considered to be separate accounting entities. The funds are accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Separate financial statements are provided for the general and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

General Fund

The general fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Custodial Fund

The custodial fund is used to account for assets held by the Town as an agent for individuals, private organizations, and/or other governmental units.

The Town follows the presentation requirements of GASB Statement No. 84, *Fiduciary Activities*. An activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four types of fiduciary funds that should be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Town reports the Tax Collection Fund as a custodial fund.

Measurement Focus and Basis Accounting

The government-wide statements of activities and net position and fiduciary fund are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting.

In the fund financial statements, the general fund utilizes a current financial resources measurement focus, as applied to the cash basis of accounting. Only current financial assets, liabilities, and deferred inflows of resources are generally included on the statement of assets, liabilities, deferred inflows of resources and fund balance. The operating statement presents sources and uses of available spendable financial resources during a given period. These statements use fund balance as its measure of available spendable financial resources at the end of the year.

The government-wide financial statements and the fund financial statements are presented using a cash basis of accounting. This basis recognizes assets, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenses/expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable, capital assets and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Town utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the general fund would use the modified accrual basis of accounting. All government-wide and fiduciary fund financial statements would be presented on the accrual basis of accounting.

Cash

For purposes of financial reporting, "cash" includes all demand and savings accounts.

Capital Assets

The accounting treatment over capital assets normally depends on whether the assets are reported in the government-wide or fund financial statements and used in governmental fund operations. However, because of the application of the cash basis of accounting, the Town accounts for capital outlay acquisitions as expenses or expenditures.

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned Revenue

Revenue received that has not been earned, is recorded as a liability until a period of time or expenditures occur. Once the funds are considered earned, at that point they are recognized as revenue.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and statement of assets, liabilities, deferred inflows of resources and fund balance, report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position and fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of deferred inflow of resources, *taxes levied for subsequent year*, which arises from advanced tax collections for the subsequent period, that qualifies for reporting in this category. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Equity Classifications

Government-Wide Statement

Equity is classified as net position.

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

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Town Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance in the general fund represents amounts constrained by the Town Board for a specific intended purpose. The Town has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Fund Financial Statements (Continued)

The Town, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Town has not adopted a minimum fund balance policy.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting used by the Town requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from these estimates.

Note 2 - Cash

The Town is required to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The Wisconsin local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Town.

The Town Board has not adopted a formal investment policy.

At December 31, 2023 the Town's bank balances of cash was \$4,488,997. The Town maintains its cash accounts at two financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk.

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 2 - Cash (Continued)

Deposits in each credit bank are insured by the FDIC in the amount of \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and \$250,000 for the combined amount of all interest and non-interest-bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2023, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

As of December 31, 2023 the Town had the following:

Fully insured deposits	\$	297,280
Uncollateralized		<u>4,191,717</u>
Total	\$	<u><u>4,488,997</u></u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Investments

The Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchange Commission and does not publish credit ratings. An investment in the Fund is not a deposit with any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation, the United States Government or any state governmental agency of the Fund. Upon demand, cash can be withdrawn with interest from the Local Government Investment Pool. Investments in the Local Government Investment Pool are valued at amortized cost. The balance in the LGIP at December 31, 2023 was \$2,889.

Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool.

Interest Rate Risk - The Town 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.

Credit Risk - State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town's investment policy does not further limit its investment choices. As of December 31, 2023, the investment in the LGIP was not rated by Moody's Investors Services or by Standard & Poor's.

Concentration of Credit Risk – The Town does not have an additional custodial credit policy.

Note 3 - Restricted Cash

Restricted cash at December 31, 2023 is as follows.

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	<u>\$ 339,768</u>	Advance tax collections to finance future operations
Custodial Fund	<u>\$ 5,198,225</u>	Advance tax collections to be paid to other taxing units

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 4 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2023 .

	<u>Balance 1/1/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 12/31/2023</u>	<u>Due Within One Year</u>
Long-Term Note	\$ 14,515	\$ -	\$ 8,608	\$ 5,907	\$ 5,907

Total interest paid during the year on long-term obligations was \$366.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Town. General obligation debt at December 31, 2023 is comprised of the following individual issue:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2023</u>
2019 Promissory Note	08/14/19	08/14/24	3.45%	\$ 41,153	\$ 5,907

Debt service requirements to maturity are as follows:

	<u>Long-Term Debt</u>		
<u>For the Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,907	\$ 77	\$ 5,984

The 2023 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$814,393,400. The legal debt limit and margin of indebtedness as of December 31, 2023, in accordance with section 67.03 of the Wisconsin Statutes are as follows:

Legal Margin for Debt	
Equalized value of the town	\$ 814,393,400
Statutory limitation percentage	<u>5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	40,719,670
Deduct long-term debt application to debt margin	<u>5,907</u>
Remaining margin of indebtedness available	<u>\$ 40,713,763</u>

Note 5 - Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 5 - Defined Benefit Pension Plan (Continued)

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>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	(7.0)%	(7)%
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 5 - Defined Benefit Pension Plan (Continued)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

Contribution rates as of December 31, 2023 are:

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

The payroll for Town of Lodi employees covered by the WRS for the year ended December 31, 2023, was \$111,497; the employer's total payroll was \$194,483. The total required contribution for the year ended December 31, 2023 was \$15,164, which consisted of \$7,582 or 6.80% of covered payroll from the employer, and \$7,582 or 6.80% of covered payroll from employees.

Payables to the Pension Plan

The Town is required to remit the monthly required contribution for both the employee and Town portions by the last day of the following month. All amounts due to WRS were paid as of December 31, 2023.

Note 6 - Property Taxes

The Town bills and collects its own property taxes and collects taxes for Columbia County, School District of Lodi, Harmony Grove Sanitary District #1, Okee Sanitary District #1, Harmony Grove Lake Pro & Rehab District, and Madison Area Technical College.

Property taxes consist of taxes on real estate and personal property. They are levied during December and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable in full on or before January 31. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31 and July 31.

Under 2011 Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

Note 7 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Town purchases commercial insurance. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the current year.

TOWN OF LODI, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 8 - Contingencies

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

Funding for the operating budget of the Town comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. Wisconsin provides a variety of aid and grant programs which benefit the Town. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Town.

Note 9 - Budgetary Control

The Town follows these procedures in establishing the budgetary data reflected in the schedule of budgetary comparison.

- During the year, Town management submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
- Budgets are adopted on a basis consistent with the cash basis of accounting for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund.
- Expenditures may not exceed appropriations provided in the approved annual budget maintained for each activity of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board with a two-thirds majority vote.

The Town had the following individual functions with an excess of expenditures over the budget for the year ended December 31, 2023.

General Government	\$	84,131
Public Safety		4,060
Public Works		115,677
Culture and Recreation		25,547
Principal		893

Note 10 - Restatement of Advanced Tax Collections

During the current period under audit, it was noted that advanced tax collections in the 2022 financial statements was overstated. As a result, the general fund fund balance and governmental activities net position was restated for the fiscal year ended December 31, 2022. A summary of the details of the restatement is below.

	General Fund	Governmental Activities
Beginning Fund Balance / Net Position - December 31, 2022	\$ 666,581	\$ 666,581
Restatement for Advanced Tax Collections	31,910	31,910
Beginning Fund Balance /Net Position - December 31, 2022	<u>\$ 698,491</u>	<u>\$ 698,491</u>

OTHER INFORMATION

TOWN OF LODI, WISCONSIN
 Budgetary Comparison Schedule
 Cash Basis - General Fund
 For the Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 756,520	\$ 769,829	\$ 13,309
Special Assessments	-	277	277
Intergovernmental	175,984	279,698	103,714
Licenses and Permits	66,920	61,736	(5,184)
Public Charges For Service	33,300	36,042	2,742
Miscellaneous	10,100	132,409	122,309
Total Revenues	<u>1,042,824</u>	<u>1,279,991</u>	<u>237,167</u>
EXPENDITURES			
General Government	247,569	331,700	(84,131)
Public Safety	254,200	258,260	(4,060)
Public Works	357,280	472,957	(115,677)
Health and Human Services	4,940	2,821	2,119
Culture and Recreation	24,800	50,347	(25,547)
Conservation and Development	18,000	4,286	13,714
Capital Outlay	127,320	59,326	67,994
Debt Service:			
Principal	7,715	8,608	(893)
Interest	1,000	366	634
Total Expenditures	<u>1,042,824</u>	<u>1,188,671</u>	<u>(145,847)</u>
CHANGE IN FUND BALANCE	-	91,320	91,320
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>698,491</u>	<u>698,491</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 698,491</u>	<u>\$ 789,811</u>	<u>\$ 91,320</u>

TOWN OF LODI, WISCONSIN
 Budgetary Comparison
 Detailed Schedule of Revenues - Cash Basis
 General Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
General Property Taxes	\$ 753,559	\$ 753,559	\$ -
Mobile Home Taxes	1,161	1,279	118
Forest Cropland Taxes	400	13,464	13,064
Personal Property Taxes	1,400	1,527	127
Total Taxes	<u>756,520</u>	<u>769,829</u>	<u>13,309</u>
SPECIAL ASSESSMENTS	<u>-</u>	<u>277</u>	<u>277</u>
INTERGOVERNMENTAL REVENUES			
Federal Aids			
American Rescue Plan Act Fund	-	101,195	101,195
State Aids			
State Shared Revenues	35,655	37,086	1,431
State Fire Insurance Dues	21,129	24,069	2,940
State General Transportation Aid	88,664	88,664	-
Payment in Lieu of Taxes	300	3,595	3,295
Recycling	9,040	9,053	13
Exempt Computer Aid	96	97	1
County Highway Aid	5,675	5,675	-
County Bridge Aid	4,140	-	(4,140)
Video Service Provider Aid	-	9,922	9,922
Other State Aid	11,285	342	(10,943)
	<u>175,984</u>	<u>279,698</u>	<u>103,714</u>
LICENSES AND PERMITS			
Liquor Licenses	2,320	1,965	(355)
Operator Licenses	2,000	2,150	150
Cigarette Licenses	200	200	-
Dog Licenses	4,100	3,151	(949)
Mobile Park Licenses	100	100	-
Building Permits	35,000	28,476	(6,524)
Other Permits	3,700	6,015	2,315
Cable TV Franchise	19,500	19,679	179
Total Licenses and Permits	<u>66,920</u>	<u>61,736</u>	<u>(5,184)</u>
PUBLIC CHARGES FOR SERVICE			
Fire Protection Fees	6,500	1,186	(5,314)
Transfer Site Fees	15,000	15,362	362
Legal Rebills	9,500	16,566	7,066
Administrative Fees	1,800	1,728	(72)
Other Fees	500	1,200	700
Total Public Service	<u>33,300</u>	<u>36,042</u>	<u>2,742</u>
MISCELLANEOUS REVENUES			
Interest Income	2,000	77,259	75,259
Rent	1,000	1,700	700
Sales of Materials	7,100	8,758	1,658
Sale of Equipment	-	25,000	25,000
Donations	-	5,500	5,500
Other Miscellaneous Revenue	-	14,192	14,192
Total Miscellaneous Revenues	<u>10,100</u>	<u>132,409</u>	<u>122,309</u>
TOTAL REVENUES	<u>\$ 1,042,824</u>	<u>\$ 1,279,991</u>	<u>\$ 237,167</u>

TOWN OF LODI, WISCONSIN
 Budgetary Comparison
 Detailed Schedule of Expenditures - Cash Basis
 General Fund
 For the Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT			
Town Board	\$ 27,240	\$ 26,397	\$ 843
Legal	20,100	48,292	(28,192)
Administrator/Clerk	83,069	98,025	(14,956)
Elections	3,700	4,798	(1,098)
Treasurer	25,583	28,938	(3,355)
Town Hall	32,380	44,338	(11,958)
Okee School House	11,200	3,508	7,692
Insurance	13,697	14,908	(1,211)
Finance	30,600	62,496	(31,896)
Total General Government	<u>247,569</u>	<u>331,700</u>	<u>(84,131)</u>
PUBLIC SAFETY			
Fire Protection	136,192	164,005	(27,813)
EMS District	86,340	71,340	15,000
Building Inspection	30,000	21,198	8,802
Other Public Safety	1,668	1,717	(49)
Total Public Safety	<u>254,200</u>	<u>258,260</u>	<u>(4,060)</u>
PUBLIC WORKS			
Engineering	500	12,377	(11,877)
Street	143,000	243,366	(100,366)
Transfer Site	50,852	67,821	(16,969)
Recycling	90,600	83,540	7,060
Public Works	72,328	65,853	6,475
Total Public Works	<u>357,280</u>	<u>472,957</u>	<u>(115,677)</u>
HEALTH AND HUMAN SERVICES			
Animal Control	4,940	2,821	2,119
CULTURE AND RECREATION			
Community Service	6,300	6,000	300
Parks	18,500	37,124	(18,624)
Public Access	-	7,223	(7,223)
Total Culture and Recreation	<u>24,800</u>	<u>50,347</u>	<u>(25,547)</u>
CONSERVATION AND DEVELOPMENT			
Planning and Development	18,000	4,286	13,714
DEBT SERVICE			
Principal	7,715	8,608	(893)
Interest and Fiscal Chargers	1,000	366	634
Total Debt Service	<u>8,715</u>	<u>8,974</u>	<u>(259)</u>
CAPITAL OUTLAY			
Street Outlay	127,320	59,326	67,994
TOTAL EXPENDITURES	<u>\$ 1,042,824</u>	<u>\$ 1,188,671</u>	<u>\$ (145,847)</u>