



**TOWN OF LAFAYETTE
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

For the Year Ended December 31, 2024

TOWN OF LAFAYETTE

TABLE OF CONTENTS

December 31, 2024

	Page
INDEPENDENT AUDITOR’S REPORT	i - iii
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government-wide Financial Statements:	
Statement of Net Position	1 - 2
Statement of Activities.....	3
Fund Financial Statements:	
Balance Sheet – Governmental Fund.....	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Fiduciary Net Position – Fiduciary Funds	8
Statement of Changes in Net Position – Fiduciary Funds	9
Notes to the Financial Statements	10 - 35
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	36
Wisconsin Retirement System Schedules	37
Local Retiree Life Insurance Fund Schedules	38
Notes to Required Supplementary Information	39 - 42



INDEPENDENT AUDITOR'S REPORT

Town Board
Town of LaFayette
LaFayette, Wisconsin

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of LaFayette, Wisconsin, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Unmodified Opinions on the General Fund and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Town of LaFayette, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Governmental Activities of the Town of LaFayette, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of LaFayette 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 qualified and unmodified audit opinions.

Matters Giving Rise to Qualified Opinion on Governmental Activities

As described in Note 1 to the financial statements, the Town has not fully implemented the capital asset requirements of GASB Statement No. 34. The Town has included only capital asset purchased starting with the year ending December 31, 2021. A full appraisal and evaluation of historical cost of capital assets purchased or constructed prior to 2021 is required before the Statement can be fully implemented. The amount by which this departure would affect capital assets and net position of the Governmental Activities has not been determined.

Emphasis of Matter

As discussed in Note 1 and Note 12 to the financial statements, the Town adopted new accounting guidance GASB Statement No. 100, Accounting Changes and Error Corrections. The financial statements have also been restated to correct a misstatement. Our opinion is not modified with respect to these matter

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of LaFayette'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.

Auditor's 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 auditor's report that includes our opinion. 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 of LaFayette, Wisconsin's internal control. Accordingly, no such opinion is expressed.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of LaFayette, Wisconsin'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 on page 36, the Wisconsin Retirement System schedules on page 37, and the Local Retiree Life Insurance Fund schedules on page 38 be 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
May 7, 2025

BASIC FINANCIAL STATEMENTS

**Town of LaFayette
LaFayette, Wisconsin**

**Statement of Net Position
December 31, 2024**

	Governmental Activities
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,324,701
Receivables:	
Taxes	802,469
Accounts, Net	4,147
Other	1,441
TOTAL CURRENT ASSETS	2,132,758
NONCURRENT ASSETS	
Capital Assets:	
Other Capital Assets, Net of Depreciation	1,715,211
Total Capital Assets	1,715,211
TOTAL NONCURRENT ASSETS	1,715,211
TOTAL ASSETS	3,847,969
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	67,502
Deferred Outflows - Retiree Life Insurance	7,589
TOTAL DEFERRED OUTFLOWS OF RESOURCES	75,091
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,923,060

The accompanying notes to financial statements are an integral part of this statement.

**Town of LaFayette
LaFayette, Wisconsin**

**Statement of Net Position
December 31, 2024**

	Governmental Activities
CURRENT LIABILITIES	
Accounts Payable	\$ 131,692
Accrued Liabilities	4,372
Accrued Interest Payable	11,249
Long-Term Liabilities Due Within One Year	
Compensated Absences	3,213
Current Portion of Long-Term Debt	27,613
TOTAL CURRENT LIABILITIES	178,139
NONCURRENT LIABILITIES	
Long-Term Debt	375,532
Compensated Absences	2,592
Net Pension Liability	7,101
Retiree Life Insurance Liability	7,458
TOTAL NONCURRENT LIABILITIES	392,683
TOTAL LIABILITIES	570,822
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Inflows	38,157
Deferred Inflows - Retiree Life Insurance	7,463
Deferred Tax Levy	1,175,592
TOTAL DEFERRED INFLOWS OF RESOURCES	1,221,212
NET POSITION	
Net Investment in Capital Assets	1,312,066
Restricted:	
Tourism Promotion	226,024
Unrestricted	592,936
TOTAL NET POSITION	2,131,026
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 3,923,060

The accompanying notes to financial statements are an integral part of this statement.

**Town of LaFayette
LaFayette, Wisconsin**

**Statement of Activities
For the Year Ended December 31, 2024**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 182,196	\$ 107,582	\$ 141	\$ (74,473)
Public Safety	456,036	14,225	-	(441,811)
Public Works	488,437	218,159	-	(270,278)
Conservation and Development	1,221	-	-	(1,221)
Interest on Long-term debt	15,022	-	-	(15,022)
Capital Outlay	27,505	-	16,134	(11,371)
Total Governmental Activities	<u>\$ 1,170,417</u>	<u>\$ 339,966</u>	<u>\$ 16,275</u>	<u>(814,176)</u>
General Revenues:				
Taxes:				
Property Taxes, levied for general purposes				960,499
Other Taxes				49,879
Grants not restricted to specific functions				118,902
Interest Income				77,006
Miscellaneous				1,820
Special Item - Sale of town property				400
Total General Revenues and Special Items				<u>1,208,506</u>
Change in Net Position				<u>394,330</u>
Net Position - Beginning of Year, as previously reported				1,752,171
Prior period adjustment				<u>(15,475)</u>
Net Position - Beginning of Year, as restated				<u>1,736,696</u>
Net Position - End of year				<u>\$ 2,131,026</u>

The accompanying notes to financial statements are an integral part of this statement.

**Town of LaFayette
LaFayette, Wisconsin**

**Balance Sheet
Governmental Fund
December 31, 2024**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents:	
General	\$ 1,324,701
Receivables:	
Taxes	802,469
Accounts	4,147
Other	1,441
Total Assets	<u><u>\$ 2,132,758</u></u>
 LIABILITIES	
Accounts Payable	\$ 131,692
Accrued Liabilities	4,372
Total Liabilities	<u><u>136,064</u></u>
 DEFERRED INFLOWS OF RESOURCES	
2024 Tax Levy	1,175,592
Total Deferred Inflows of Resources	<u><u>1,175,592</u></u>
 FUND BALANCE	
Restricted	226,024
Assigned	327,533
Unassigned	267,545
Total Fund Balance	<u><u>821,102</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 2,132,758</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**Town of LaFayette
LaFayette, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2024**

Total fund balance, governmental funds	\$ 821,102
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	1,715,211
The net pension liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(7,101)
The net OPEB liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(7,458)
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expenses in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.	
Deferred outflows of resources	75,091
Deferred inflows of resources	(45,620)
Some liabilities, (such as long-term debt and accrued interest), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
Accrued interest	(11,249)
Long term debt - Current portion	(27,613)
Long term debt	(375,532)
Compensated absences - Short-term	(3,213)
Compensated absences - Long-term	(2,592)
Subtotal	<u>(420,199)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 2,131,026</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**Town of LaFayette
LaFayette, Wisconsin**

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund
For the Year Ended December 31, 2024**

	<u>General Fund</u>
REVENUES	
Property Taxes	\$ 954,111
Other Taxes	53,020
Intergovernmental	245,907
License and Permits	84,583
Public Charges for Services	147,898
Interest Income	77,010
Miscellaneous Income	2,219
Total Revenues	<u>1,564,748</u>
EXPENDITURES	
Current:	
General Government	184,809
Public Safety	456,036
Public Works	439,525
Conservation and Development	1,221
Capital Outlay	791,467
Debt Service:	
Principal Repayment	26,640
Interest Expense	15,084
Total Expenditures	<u>1,914,782</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(350,034)</u>
Net Change in Fund Balance	<u>(350,034)</u>
Fund Balance - Beginning of Year, as previously reported	1,186,611
Prior period adjustment	<u>(15,475)</u>
Fund Balance - Beginning of Year, as restated	1,171,136
Fund Balance - End of Year	<u><u>\$ 821,102</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**Town of LaFayette
LaFayette, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2024**

Net change in fund balances - total governmental funds: \$ (350,034)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount of capital outlays (\$763,961) net of depreciation (\$53,411) in the current period. 710,550

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount principal payments during the year. 26,640

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:

Change in accrued interest not reflected on governmental funds 62
Change in compensated absences 17

Pension and OPEB expenses reported in the governmental funds represents current year required contributions into the defined benefit pension and OPEB plans. Pension and OPEB expenses in the Statement of Activities are actuarially determined by the defined benefit pension and OPEB plans as the difference between the net pension asset and net OPEB liability from the prior year to the current year, with some adjustments.

Actuarially determined change in OPEB asset (liability) between years, with adjustments 1

Actuarially determined change in net pension asset (liability) between years, with adjustments 7,094

Change in net position of governmental activities \$ 394,330

The accompanying notes to financial statements are an integral part of this statement.

**Town of LaFayette
LaFayette, Wisconsin**

**Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2024**

	<u>Tax Collections</u>
ASSETS	
Cash and Investments	\$ 1,411,145
Taxes Receivable	3,226,956
Total Assets	<u><u>\$ 4,638,101</u></u>
LIABILITIES	
Due to Other Governments	\$ 4,638,101
Total Liabilities	<u><u>\$ 4,638,101</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**Town of LaFayette
LaFayette, Wisconsin**

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2024**

	<u>Tax Collections</u>
ADDITIONS	
Property Tax Collections for Other Governments	\$ 3,137,713
Total Additions	<u>\$ 3,137,713</u>
DEDUCTIONS	
Payments of Taxes to Other Governments	\$ 3,137,713
Total Deductions	<u>\$ 3,137,713</u>
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	<u><u>\$ -</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies

The basic financial statements of the Town of LaFayette, Wisconsin (the "Town") have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below.

A. Reporting Entity

The Town is a municipal corporation governed by an elected five-member Board. 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 has no component units which must be included in the reporting entity because of the significance of their operational or financial relationships with the Town.

B. Basis of Presentation - Government-Wide and Fund 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 Town. Governmental activities are primarily supported by taxes and intergovernmental revenues. The Town has no business-type activities that rely, to a significant extent, on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues includes 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) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by maintaining a separate set of self-balancing accounts which constitute its assets, liabilities, deferred inflows, deferred outflows, net assets/fund equity, revenues, and expenditure/expenses.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation - Government-Wide and Fund Financial Statements (Continued)

Funds are identified as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenue, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental fund that the Town believes is particularly important to the financial statement user may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds. The Town has no internal service funds. Major individual governmental funds reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund- This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Town also reports the following fiduciary fund:

Custodial Fund- The custodial fund accounts for property taxes and specials collected on behalf of other governments.

Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government's own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government's delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government's reporting entity.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled to the resources and the amounts are available. Amounts owed to the Town which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity

1) Cash and Cash Equivalents/Investments

All deposits of the Town are made in board designated official depositories and are secured as required by State Statute. The Town may designate, as an official depository, any bank or savings association. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices.

See Footnote 3 for additional information.

2) Property Taxes Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Town, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district.

Property tax calendar – 2024 tax roll:

Lien date and levy date	December, 2024
Tax Bills mailed	December, 2024
Payment in full, or	January 31, 2025
First installment due	January 31, 2025
Second installment due	July 31, 2025

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes collection. Therefore, management has determined that no allowance account is considered necessary.

3) Accounts Receivables

Accounts receivables are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

4) Capital Assets

Government-wide Financial Statements - Capital assets are defined by the Town as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of maintenance and repairs that do not add to the value of the asset or extend the asset life are not capitalized. No interest was capitalized during the current year.

Prior to January 1, 2004, infrastructure assets of the Town's governmental funds were not required to be capitalized. Upon implementation of GASB 34, the Town is required to account for all capital assets, including infrastructure, in the government-wide financial statements prospectively from the date of implementation. Retroactive reporting of all major infrastructure assets is encouraged, but not required. The Town has chosen not to retroactively report infrastructure assets from prior to January 1, 2004.

The Town has not fully implemented GASB Statement No. 34 in relation to capital assets. Capital assets and their related depreciation have been recorded beginning January 1, 2021.

Depreciation of all exhaustible capital assets purchased in and after 2021, and meeting the criteria as defined above is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	15-50 Years
Infrastructure	15-30 Years
Machinery, Furniture, and Equipment	3-20 Years
Computer Equipment	3 Years

Fund Financial Statements - In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

The Town reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

4) Capital Assets (Continued)

The Town implemented provisions of GASB No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Town has not fully implemented the capital asset requirements of the Statement. The Town has included only capital assets purchased since January 1, 2021. A full appraisal and determination of historical cost of capital assets purchased prior to 2021 needs to be completed before the Statement can be fully implemented. This exclusion results in the qualified opinion on the Statement of Activities and the Statement of Net Position in the independent auditors' report.

5) Compensated Absences

Town employees earn paid time off (PTO) and compensatory time in varying amounts. Accumulated PTO and compensatory time benefits vest in varying amounts and may be payable upon termination of employment. The amount of vested PTO and compensatory time at December 31, 2024 amounted to \$5,804 and is reported in the government-wide financial statements.

6) Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures.

For the government-wide statements, bond premiums are deferred and amortized over the life of the issuance using the straight-line method, when applicable. The balance at year end for premiums is shown as a liability on the statement of net position, when applicable.

7) Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

8) Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and capital related deferred outflows of resources and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position – Consists of net position with constraints that are imposed by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable – Resources which cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Resources with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – Resources neither restricted nor committed for which a government has a stated intended use as established by the Town Board or a body or official of which the Town Board has delegated the authority to assign amounts for specific purposes.

Unassigned – Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

8) Equity Classifications (Continued)

The Town adheres to its written equity policies.

The Town applies resources in the following order when expense is incurred for purposes of which multiple fund balances are available: restricted, committed, assigned, unassigned.

9) Pensions

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 benefit terms. Investments are reported at fair value.

10) Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) 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 OPEB Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by the LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

11) Deferred Outflows and Inflows of Resources

Deferred outflow of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The recognition of those outflows and inflows are deferred until the future periods to which the outflows and inflows are applicable.

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 represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Town has two items that qualifies for reporting in this category; The deferred outflows of resources are for the WRS pension system and the Local Retire Life Insurance Fund.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Town has three items that qualify for reporting in the category; The deferred inflows of resources are for the WRS pension system, the Local Retire Life Insurance Fund, and the 2024 tax apportionment.

The net position of the Town is significantly impacted by the combined effect of deferred outflows and inflows of resources from the pension and OPEB plans.

12) Change in Accounting Principles

Effective January 1, 2024, the Town of LaFayette adopted GASB Statement No. 100, Accounting Changes and Error Corrections. GASB Statement No. 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. See Note 12 for accounting changes and error corrections effecting the year as of December 31, 2024.

Effective January 1, 2024, The Town of LaFayette adopted GASB Statement No. 101, Compensated Absences. GASB 101 was issued to provide guidance on the accounting and financial reporting for compensated absences. The adoption of GASB 101 had no effect on the beginning balance on the statement of activities.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Town's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any board approved amendments, appropriations of restricted resources received for funding specific expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

Operating budgets are adopted each year for the General Fund.

B. Limitations on the Town Tax Levy

Wisconsin Act 25 imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. Under Wisconsin Act 25 enacted in 2013, a municipality is allowed to increase its levy over the amount levied in the prior year by the percentage increase in equalized value from the net new construction or zero percent. All of the exceptions and modifications to the levy limits that existed under previous law continue to apply.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the Town adopts a new fee or a fee increase for covered services such as garbage collection, fire protection, snow plowing, street sweeping, and storm water management (which were partly or wholly funded by property tax levy), the Town must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions.

C. Excess Expenditures over Appropriations

The Town controls expenditures at the department level. A comparison of 2024 expenditures to budget can be found on page 36.

3. Cash and Investments

Total cash and investments for the Town consist of the following:

Cash in Financial Institutions	\$ 2,735,846
Total Cash and Cash Equivalents	<u>\$ 2,735,846</u>

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

3. Cash and Investments (Continued)

Cash and cash equivalents as of December 31, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and Cash Equivalents - General	\$ 1,324,701
Fiduciary Funds	
Cash and Cash Equivalents - Advance Taxes	1,411,145
Total Cash and Cash Equivalents	<u>\$ 2,735,846</u>

Investments Authorized by Wisconsin Statutes

Investment of Town funds is restricted by state statutes. Available investments are limited to:

- Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State.
- Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.
- Bonds or securities of any county, drainage district, technical college district, village, city, town, or district of this State.
- Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investor Service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- Bonds or securities issues under the authority of the municipality.
- The local government-investment fund as established under section 25.50 of the Wisconsin Statutes.
- Agreements in which a public depository agrees to repay funds advanced to it by the Board, plus interest, if the agreement is secured by bonds or securities issues or guaranteed as to principal and interest by the federal government.
- 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.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority, or by the Wisconsin Aerospace Authority.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

3. Cash and Investments (Continued)

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 Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Town would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Town does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings deposit accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual municipalities.

As of December 31, 2024, the Town had \$2,756,264 in deposit with financial institutions. Of this amount, the Town had deposits of \$499,829 in excess of federal depository insurance limits that were exposed to custodial credit risk. This amount was uninsured and uncollateralized.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

4. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2024 was as follows:

	Balance 1/1/2024	Additions	Retirements	Balance 12/31/2024
Governmental Activities				
Non-depreciable Capital Assets:				
Construction in progress	\$ 7,800	\$ 545,706	\$ (553,506)	\$ -
Total Non-Depreciable Capital Assets	<u>7,800</u>	<u>545,706</u>	<u>(553,506)</u>	<u>-</u>
Capital Assets Being Depreciated:				
Buildings	-	553,506	-	553,506
Machinery and equipment	166,000	6,458	-	172,458
Infrastructure	880,232	211,798	-	1,092,030
Total Capital Assets Being Depreciated	<u>1,046,232</u>	<u>771,762</u>	<u>-</u>	<u>1,817,994</u>
Less Accumulated Depreciation				
Machinery and equipment	(17,883)	(17,111)	-	(34,994)
Infrastructure	(31,489)	(36,300)	-	(67,789)
Total Accumulated Depreciation	<u>(49,372)</u>	<u>(53,411)</u>	<u>-</u>	<u>(102,783)</u>
Total Capital Assets being Depreciated, Net	<u>996,860</u>	<u>718,351</u>	<u>-</u>	<u>1,715,211</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 1,004,660</u></u>	<u><u>\$ 1,264,057</u></u>	<u><u>\$ (553,506)</u></u>	<u><u>\$ 1,715,211</u></u>

Depreciation expense of \$53,411 for the governmental activities was charged to public works.

5. Deferred Inflows of Resources

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

6. Long-Term Debt

The long-term debt at December 31, 2024, consisted of the following:

General Obligation Debt

	Balance 1/1/24	Additions	Retirements	Balance 12/31/24	Due in One Year
Direct Borrowings					
\$600,000 general obligation debt issued 3/16/2016, 3.50% interest, maturity date 3/15/2036	\$ 429,785	\$ -	\$ 26,640	\$ 403,145	\$ 27,613
Other Liabilities					
Compensated absences	5,822	-	17	5,805	3,213
Total Governmental Long-Term Liabilities	<u>\$ 435,607</u>	<u>\$ -</u>	<u>\$ 26,657</u>	<u>\$ 408,950</u>	<u>\$ 30,826</u>

The annual payments necessary to retire the general obligation debt are as follows:

General Obligation Debt		
Year	Governmental Funds	
	Principal	Interest
2025	\$ 27,613	\$ 14,110
2026	28,580	13,144
2027	29,580	12,143
2028	30,585	11,138
2029	31,686	10,038
2030-2034	175,843	32,775
2035-2036	79,258	4,189
Totals	<u>\$ 403,145</u>	<u>\$ 97,537</u>

In accordance with Wisconsin Statutes, total indebtedness of the Town may not exceed five percent of the equalized value of taxable property within the Town's jurisdiction. The debt limit as of December 31, 2024, is \$24,146,895. General obligation debt subject to this limit is \$403,145 leaving the Town with an available debt margin of \$23,743,750 as of December 31, 2024.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

7. Inter-municipal Agreements

Fire Protection

Effective January 1, 2022, the Town of LaFayette, along with the City of Elkhorn, Town of Sugar Creek, and Town of Geneva provide funding to the City of Elkhorn for fire protection and emergency medical services. During term of this Agreement, the Town of LaFayette's share operating, capital, and maintenance expenses for fire protection and emergency medical services is based upon a 5-year rolling average percentage of emergency and other calls for service. Billing is completed on a quarterly basis. In addition, the Town of LaFayette shall remit 85% of the fire insurance premium tax/dues payments received from the Department of Safety and Professional Services.

The Town of LaFayette's share of the fire protection and emergency medical services cost in 2024 was \$341,782. The 2025 budget for the Town is \$348,515.

EMS

The Town also has an agreement with East Troy Area Emergency Services District to provide ambulance services in the Town of LaFayette's corporate limits. The Town's share of EMS District cost in 2024 was \$35,000. The 2025 budget for the Town is \$35,000.

8. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

9. Net Position and Fund Balance

The following is a detailed schedule of governmental ending fund balances by category:

General Fund	Restricted	Assigned	Unassigned	Total
Tourism Promotion	\$ 226,024	\$ -	\$ -	\$ 226,024
Fire and Rescue Equipment	-	319,733	-	319,733
Town Hall Construction	-	7,800	-	7,800
Unassigned	-	-	267,545	267,545
Total General Fund	<u>\$ 226,024</u>	<u>\$ 327,533</u>	<u>\$ 267,545</u>	<u>\$ 821,102</u>

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

9. Net Position and Fund Balance (Continued)

Net position as of December 31, 2024 is as follows:

Net Investment in Capital Assets	Governmental
Capital Assets	\$ 1,715,211
Less: Current Portion Debt	(27,613)
Less: Long-Term Debt	(375,532)
Net Investment in Capital Assets	<u>\$ 1,312,066</u>
 Restricted Net Position	 Governmental
Restricted for:	
Tourism Promotion	\$ 226,024
Restricted Net Position	<u>\$ 226,024</u>

10. Wisconsin Retirement System

Defined Benefit Pension Plan

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

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

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 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

10. Wisconsin Retirement System (Continued)

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:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

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

During the reporting period, the WRS recognized \$7,875 in contributions from the employer.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

10. Wisconsin Retirement System (Continued)

Contribution rates as of December 31, 2024, are:

Employee Category	Employee	Employer
General (including teachers, executive 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 (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the Town reported a liability (asset) of \$7,101 for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) of the pension plan was measured as of December 31, 2023, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town of LaFayette's proportion of the Net Pension Liability (Asset) was based on the Town of LaFayette's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the Town of LaFayette's proportion was 0.00047761%, which was an increase of 0.00001438% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Town recognized pension expense of \$5,639.

At December 31, 2024, the Town 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	\$ 28,631	\$ (37,922)
Net differences between projected and actual earnings on pension plan investments	24,747	-
Changes in assumptions	3,095	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,411	(235)
Employer contributions subsequent to the measurement date	8,618	-
Total	\$ 67,502	\$ (38,157)

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

10. Wisconsin Retirement System (Continued)

\$8,618 reported as Deferred Outflows of Resources related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the year ended December 31, 2025.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension will be recognized in pension expense (revenue) as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2025	\$ 4,480
2026	4,772
2027	16,109
2028	(4,634)
Total	<u>\$ 20,727</u>

Actuarial assumptions. The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
	January 1, 2018 - December 31, 2020
Experience Study:	Published November 19, 2021
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% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments	1.7%*

*No post-retirement 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 post-retirement discount rate.

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

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

10. Wisconsin Retirement System (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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns ¹ As of December 31, 2023			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund	100	7.4	4.6
Variable Fund Asset			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

10. Wisconsin Retirement System (Continued)

Sensitivity of the Town's proportionate share of the Net Pension Liability (Asset) to changes in the discount rate. The following presents the Town's proportionate share of the Net Pension Liability (Asset) calculated using the discount rate of 6.80 percent, as well as what the Town'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 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Town's proportionate share of the Net Pension Liability (Asset)	\$ 68,635	\$ 7,101	\$ (35,957)

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

11. Other Post-Employment Benefits Plan

Plan description. The LRLIF is a multiple-employer, defined-benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible members.

OPEB Plan Fiduciary Net Position. 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 Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

11. Other Post-Employment Benefits Plan (Continued)

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2024 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2023 are as listed below:

Life Insurance			
Member Contribution Rates*			
For the year ended December 31, 2023			
Attained Age		Basic	Supplemental
Under 30		0.05	0.05
30-34		0.06	0.06
35-39		0.07	0.07
40-44		0.08	0.08
45-49		0.12	0.12
50-54		0.22	0.22
55-59		0.39	0.39
60-64		0.49	0.49
65-69		0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.			

During the reporting period, the LRLIF recognized \$33 in contributions from the employer.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

11. Other Post-Employment Benefits Plan (Continued)

OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2024, the Town reported a liability (asset) of \$7,458 for its proportionate share of the Net OPEB Liability (Asset). The Net OPEB Liability (Asset) was measured as of December 31, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the Net OPEB Liability (Asset) was based on the Town's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the Town's proportion was 0.001621%, which was an increase of 0.001093% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Town recognized OPEB expense (revenue) of \$42.

At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (661)
Net differences between projected and actual earnings on OPEB plan investments	100	
Changes in actuarial assumptions	2,333	(2,937)
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,112	(3,865)
Employer contributions subsequent to the measurement date	44	
Totals	<u>\$ 7,589</u>	<u>\$ (7,463)</u>

\$44 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the year ended December 31, 2025.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

11. Other Post-Employment Benefits Plan (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (626)
2026	(641)
2027	3
2028	294
2029	282
Thereafter	770
Total	<u>\$ 82</u>

Actuarial assumptions. The total OPEB Liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net OPEB Liability (Asset)	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

* Based on the Bond Buyers GO 20-Bond Municipal index.

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

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

11. Other Post-Employment Benefits Plan (Continued)

Long-term expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2023			
Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	40%	2.32%
US Mortgages	Bloomberg US MBS	60%	2.52%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

Single Discount rate. A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

TOWN OF LAFAYETTE

Notes to the Financial Statements December 31, 2024

11. Other Post-Employment Benefits Plan (Continued)

Sensitivity of the Town's proportionate share of the Net OPEB Liability (Asset) to changes in the discount rate. The following presents the Town's proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 3.32%, as well as what the Town's proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
Town's proportionate share of the net OPEB liability (asset)	\$ 10,020	\$ 7,458	\$ 5,501

12. Prior Period Adjustment

A prior period adjustment has been recorded effective January 1, 2024 as follows:

	Reporting Units Affected by Adjustments and Restatements of Beginning Balances	
	Funds	Government-Wide
	General Fund	Governmental Activities
Beginning of Year, as previously reported	\$ 1,186,611	\$ 1,752,171
Error correction	(15,475)	(15,475)
End of Year, as adjusted or restated	\$ 1,171,136	\$ 1,736,696

The error correction is to adjust the expenses for fire protection and emergency medical services to reflect actual services provided during the calendar year.

13. Effect of New Accounting Standards on Current Period Financial Statements

The GASB has adopted GASB No. 102, Certain Risk Disclosures, effective for periods beginning after June 15, 2024, GASB Statement No. 103, Financial Reporting Model Improvements, effective for periods beginning after June 15, 2025, and GASB Statement No. 104, Disclosure of Certain Capital Assets, effective for periods beginning after June 15, 2025. When these become effective, application of these standards may restate portions of these financial statements.

14. Subsequent Events

- The Town is anticipating the sale of the old Town Hall at W4614 Potter Rd for \$225,000. The closing date is set for June 11, 2025.
- The Town approved borrowing \$227,059 from the Board of Commissioners of Public Lands to help pay for the fire truck for the Elkhorn Fire Department.
- The Town approved the 2025 Roads Paving Contract in the amount of \$684,157.

REQUIRED SUPPLEMENTARY INFORMATION

**Town of LaFayette
LaFayette, Wisconsin**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property Taxes	\$ 954,111	\$ 954,111	\$ 954,111	\$ -
Other Taxes	37,069	37,069	53,020	15,951
Intergovernmental	224,330	224,330	245,907	21,577
License and Permits	25,240	25,240	84,583	59,343
Public Charges for Services	145,746	145,746	147,898	2,152
Interest Income	18,838	18,838	77,010	58,172
Miscellaneous Income	-	-	2,219	2,219
Total Revenues	<u>1,405,334</u>	<u>1,405,334</u>	<u>1,564,748</u>	<u>159,414</u>
EXPENDITURES				
Current:				
General Government	205,893	205,893	184,809	21,084
Public Safety	519,723	519,723	456,036	63,687
Public Works	710,803	710,803	439,525	271,278
Conservation and Development	1,300	1,300	1,221	79
Capital Outlay	185,891	185,891	791,467	(605,576)
Debt Service:				
Principal Repayment	26,640	26,640	26,640	-
Interest Expense	15,084	15,084	15,084	-
Total Expenditures	<u>1,665,334</u>	<u>1,665,334</u>	<u>1,914,782</u>	<u>(249,448)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(260,000)</u>	<u>(260,000)</u>	<u>(350,034)</u>	<u>(90,034)</u>
Net Change in Fund Balance	(260,000)	(260,000)	(350,034)	(90,034)
Fund Balance - Beginning of Year	1,171,136	1,171,136	1,171,136	-
Fund Balance - End of Year	<u>\$ 911,136</u>	<u>\$ 911,136</u>	<u>\$ 821,102</u>	<u>\$ (90,034)</u>

See accompanying notes to the required supplementary information.

**Town of LaFayette
LaFayette, Wisconsin
Wisconsin Retirement System Schedules
For the Year Ended December 31, 2024**

**Schedule of Town's Proportionate Share of the Net Pension Liability (Asset)
As of the Measurement Date**

Year ended December 31	Proportion of the Net Pension Liability (Asset)	Proportionate share of the Net Pension Liability (Asset)	Covered- employee payroll	Collective Net Pension Liability (Asset) as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Asset)
2023	0.00047761%	\$ 7,101	\$ 115,815	6.13%	98.85%
2022	0.00046323%	24,540	66,786	36.74%	95.72%
2021	(0.00056549%)	(45,579)	78,340	(58.18%)	106.02%
2020	(0.00061198%)	(38,206)	95,474	(40.02%)	(105.26%)
2019	(0.00062005%)	(19,993)	109,262	(18.30%)	(102.96%)
2018	0.00058806%	20,921	89,811	23.29%	96.45%
2017	(0.00058963%)	(17,506)	87,888	(19.92%)	(102.93%)
2016	0.00059938%	4,940	85,036	5.81%	99.12%

**Schedule of Town's Contributions
For the Year Ended**

Year ended December 31	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$ 8,618	\$ (8,618)	-	\$ 124,899	6.90%
2023	7,875	(7,875)	-	115,815	6.80%
2022	4,341	(4,341)	-	66,786	6.50%
2021	5,288	(5,288)	-	78,340	6.75%
2020	6,444	(6,444)	-	95,474	6.75%
2019	7,156	(7,156)	-	109,262	6.55%
2018	6,017	(6,017)	-	89,811	6.70%
2017	5,976	(5,976)	-	87,888	6.80%
2016	5,612	(5,612)	-	85,036	6.60%

See accompanying notes to the required supplementary information.

**Town of LaFayette
LaFayette, Wisconsin
Local Retiree Life Insurance Fund Schedules
For the Year Ended December 31, 2024**

**Schedule of Proportionate Share of the Net OPEB Liability (Asset)
As of the Measurement Date**

Year ended December 31	Proportion of the Net Pension Liability (Asset)	Proportionate share of the Net Pension Liability (Asset)	Covered- employee payroll	Collective Net Pension Liability (Asset) as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Asset)
2023	0.00162100%	\$ 7,458	\$ 109,000	6.84%	33.90%
2022	0.00052800%	2,012	67,000	3.00%	38.81%
2021	0.00061900%	3,659	55,000	6.65%	29.57%
2020	0.00048000%	2,640	50,000	5.28%	31.36%
2019	0.00145000%	6,174	50,000	12.35%	37.58%
2018	0.00396100%	10,221	56,000	18.25%	48.69%
2017	0.00373100%	11,225	156,899	7.15%	44.81%

**Schedule of Town's Contributions
For the Year Ended**

Year ended December 31	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$ 44	\$ (44)	-	\$ 116,000	0.04%
2023	33	(33)	-	109,000	0.03%
2022	10	(10)	-	67,000	0.01%
2021	12	(12)	-	55,000	0.02%
2020	9	(9)	-	50,000	0.02%
2019	26	(26)	-	50,000	0.05%
2018	76	(76)	-	56,000	0.14%
2017	70	(70)	-	156,899	0.04%

See accompanying notes to the required supplementary information.

TOWN OF LAFAYETTE

Notes to Required Supplementary Information December 31, 2024

Note 1. Excess of Actual Expenditures over Budget

The Town controls General Fund expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations.

The Town had the following expenditures in excess of the budget:

<u>Department</u>	<u>Expenditure</u>	<u>Budget</u>	<u>Excess</u>
Capital Outlay	\$ 791,467	\$ 185,891	\$ 605,576

Note 2. Wisconsin Retirement System Schedules

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the last preceding year.

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

Changes 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-end 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 adjustments 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.

TOWN OF LAFAYETTE

Notes to Required Supplementary Information December 31, 2024

Note 2. Wisconsin Retirement System Schedules (Continued)

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

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

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

TOWN OF LAFAYETTE

Notes to Required Supplementary Information December 31, 2024

Note 2. Wisconsin Retirement System Schedules (Continued)

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

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality

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

TOWN OF LAFAYETTE

Notes to Required Supplementary Information December 31, 2024

Note 3. Local Retiree Life Insurance Fund Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the last 2 preceding years.

Benefit Terms: There were no recent changes in benefit terms.

Assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.