



**JOHNSON BLOCK**  
**CPAs**



**SCHOOL DISTRICT OF MCFARLAND**  
**FINANCIAL STATEMENTS**  
Including Independent Auditor's Report  
As of and for the Year Ended June 30, 2020

Johnson Block and Company, Inc.  
Certified Public Accountants  
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School District of McFarland  
June 30, 2020  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
School District of McFarland  
McFarland, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of McFarland as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of McFarland, as of June 30, 2020, 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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through page 10, budgetary comparison information on page 51 and 52, schedule of changes in the District's total OPEB liability and related ratios on page 53, Wisconsin Retirement System schedules on page 54, local retiree life insurance fund schedules on page 55, and related notes to the required supplementary information on pages 56 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of McFarland's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
November 13, 2020

**SCHOOL DISTRICT OF MCFARLAND**  
McFarland, Wisconsin  
Management Discussion & Analysis, June 30, 2020

To the Board of Education:

The discussion and analysis of the School District of McFarland financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

Total governmental funds' revenue was \$62,452,642; including \$19,087,611 in local revenue, \$16,315,824 of state aid, \$1,294,743 of Federal aid, \$25,584,682 of Inter-district payments, \$9,933 of Intermediate payments and \$159,849 of other services. Total governmental fund expenditures were \$68,979,725; including \$19,723,909 for direct instruction.

The following financial events took place during fiscal year 2020:

- The District was successful in November of 2016 with 3 referendum questions that continued to impact the 2020 Fiscal year.
  - Question 1: \$65.15 Million for facilities improvements
  - Question 2: Beginning in 2017-2018, approval of \$232,000 over 2 years to exceed revenue limits on a recurring basis to operate the additional sq. ft. related to question 1.
  - Question 3: Beginning in 2017-2018, approval of \$1.1 Million over 3 years to exceed revenue limits on a recurring basis to maintain current educational programming.
- The District engages Baird Financial Group to help develop long range budget projections.
- The District had continued successful professional and support staff employee relationships.
- The District continued with its capital project plans.
- The District charters a non-instrumentality school that provided financial support for the district and more student access to various education models.
- The District continued to have stable to slight growth in enrollment.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Position and Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

The *notes to the basic financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

**SCHOOL DISTRICT OF MCFARLAND**  
 McFarland, Wisconsin  
 Management Discussion & Analysis, June 30, 2020

*Required supplementary information* further explains and supports the financial statements by including a comparison of the District's budget data for the year, and providing supplemental information on the District's OPEB, net pension asset or liability, and local retiree life insurance.

The major features of the District's financial statements, including the activities reported and the type of information contained, are shown in the following table.

**Major Features of the District-wide and Fund Financial Statements**

	Fund Financial Statements		
	District-wide Statements	Governmental	Fiduciary
Scope	Entire district (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the district are reported here.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position.</li> <li>• Statement of Activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet.</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance.</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position.</li> <li>• Statement of Changes in Fiduciary Net Position.</li> </ul>
Basis of accounting and measurement focus	Accrual accounting.  Economic resources focus.	Modified accrual accounting.  Current financial resources focus.	Accrual accounting.  Economic resources focus.
Type of asset, deferred outflow of resources, and liability information	All assets, deferred outflows of resources and liabilities; both financial and capital, short-term and long-term.	Generally, assets expected to be used up, deferred outflows of resources representing a consumption of net position that applies to a future period and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets, deferred outflows of resources, and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.



**SCHOOL DISTRICT OF MCFARLAND**  
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Management Discussion & Analysis, June 30, 2020

**DISTRICT WIDE STATEMENTS**

The District-Wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Activities reports all revenues and expenses used to support the District. The Statement of Net Position reports all assets and liabilities available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities* – Activities that are intended to be mostly self-supporting and meet certain accounting criteria are considered business-type activities. The District had no business-type activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as is reported on the District-Wide statements.
- *Fiduciary funds* – The District serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**SCHOOL DISTRICT OF MCFARLAND**  
 McFarland, Wisconsin  
 Management Discussion & Analysis, June 30, 2020

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 1 below, provides a summary of the District's net position for the year ended June 30, 2020 (in thousands of dollars).

**Table 1**  
**Condensed Statement of Net Position**

*(In thousands of dollars)*

	2019	2020	\$ chg
Current and other assets	\$ 21,916	\$ 13,588	\$ (8,328)
Capital assets and net pension asset	81,322	91,315	9,993
Deferred outflows of resources	10,722	8,660	(2,062)
<b>TOTAL ASSETS AND DEFERRED</b>			
<b>OUTFLOWS OF RESOURCES</b>	<b>113,960</b>	<b>113,563</b>	<b>(397)</b>
Current and other liabilities	5,894	4,192	(1,702)
Net pension liability	3,916		(3,916)
Other long-term obligations	69,426	67,897	(1,529)
Deferred inflows of resources	6,738	11,786	5,048
<b>TOTAL LIABILITIES AND DEFERRED</b>			
<b>INFLOWS OF RESOURCES</b>	<b>85,974</b>	<b>83,875</b>	<b>(2,099)</b>

Table 2 provides summarized operating results and their impact on net position (in thousands of dollars).

**Table 2**  
**Changes in Net Position from Operating Results**

*(in thousands of dollars)*

	2019	2020	\$ Chg
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 21,389	\$ 26,661	\$ 5,272
Grants & contributions	3,422	3,862	440
General Revenues			
Property taxes	16,735	17,450	715
State formula aid	12,742	14,104	1,362
Other	864	505	(359)
<b>TOTAL REVENUES</b>	<b>55,152</b>	<b>62,582</b>	<b>7,430</b>
<b>Expenses</b>			
Instruction	20,206	19,472	(734)
Pupil & Instructional Services	3,003	2,893	(110)
General Administration Services	550	528	(22)
Building Administration Services	1,952	1,869	(83)
Business Administration	4,757	4,886	129
Central Services	64	58	(6)
Insurance	253	262	9
Other Support Services	1,011	999	(12)
Food Services	946	783	(163)
Community Services	693	543	(150)
Interest on Debt	2,289	2,173	(116)
Purchased Instruction	17,610	23,431	5,821
Other Non-Program Transactions	214	292	78
Other	2,018	2,690	672
<b>TOTAL EXPENSES</b>	<b>55,566</b>	<b>60,879</b>	<b>5,313</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ (414)</b>	<b>\$ 1,703</b>	<b>\$ 2,117</b>

Note: totals may not add due to rounding.

**SCHOOL DISTRICT OF MCFARLAND**  
 McFarland, Wisconsin  
 Management Discussion & Analysis, June 30, 2020

Table 3 presents the cost of the twelve major district activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**  
**Net Cost of Governmental Activities**  
*(in thousands of dollars)*

	Total Cost of Services		Less Charges For Services		Less Grants & Contr.		Net Cost of Services	
	2019	2020	2019	2020	2019	2020	2019	2020
<b>Expenses</b>								
Instruction	\$ 20,206	\$ 19,472	\$ 2,563	\$ 2,294	\$ 2,573	\$ 2,990	\$ 15,070	\$ 14,188
Pupil & Instructional Services	3,003	2,893	1	1	323	342	2,679	2,550
General Administration Services	550	528				7	550	521
Building Administration Services	1,952	1,869	40	12			1,912	1,857
Business Administration	4,757	4,886			120	37	4,637	4,849
Central Services	64	58			2		62	58
Insurance	253	262			31	31	222	231
Food Service	1,011	999	773	588	288	363	(50)	48
Other Support Services	946	783					946	783
Other	5,000	5,406	200	105	3		4,797	5,301
Purchased Instructional Services	17,610	23,431	17,590	23,439	82	92	(62)	(100)
Other Non-Program Transactions	214	292	222	222			(8)	70
<b>TOTAL EXPENSES</b>	<b>\$ 55,566</b>	<b>\$ 60,879</b>	<b>\$ 21,389</b>	<b>\$ 26,661</b>	<b>\$ 3,422</b>	<b>\$ 3,862</b>	<b>\$ 30,755</b>	<b>\$ 30,356</b>

Note: totals may not add due to rounding.

The cost of all governmental activities this year was \$60.9 million. Individuals who directly participated or benefited from a program offering paid for \$26.6 million of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3.9 million. The net cost of governmental activities of \$30.3 million with a \$399,000 decrease over the previous year.

The composition of governmental revenues by source is illustrated below:

<b>Governmental Revenue by Source</b>			
	2019	2020	\$ Chg
<b>Local</b>	\$ 19,072,517	\$ 19,087,611	\$ 15,094
<b>Interdistrict</b>	19,952,265	25,584,682	5,632,417
<b>Intermediate</b>	2,019	9,933	7,914
<b>State</b>	14,543,688	16,315,824	1,772,136
<b>Federal</b>	1,212,553	1,294,743	82,190
<b>Other</b>	93,528	159,849	66,321
<b>Total Revenue</b>	<b>\$ 54,876,570</b>	<b>\$ 62,452,642</b>	<b>\$ 7,576,072</b>

The composition of governmental expenditures by type is illustrated below:

<b>Governmental Expense by Type</b>			
	2019	2020	\$ Chg
<b>Instruction</b>	\$ 20,117,370	\$ 19,723,909	\$ (393,461)
<b>Support Services</b>	47,671,213	25,533,135	(22,138,078)
<b>Non-Program Transactions</b>	17,824,575	23,722,681	5,898,106
<b>Total Expenses</b>	<b>\$ 85,613,158</b>	<b>\$ 68,979,725</b>	<b>\$ (16,633,433)</b>

**SCHOOL DISTRICT OF MCFARLAND**  
 McFarland, Wisconsin  
 Management Discussion & Analysis, June 30, 2020

**FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS**

The District completed the year with a total governmental fund balance of \$12,504,334 compared to last year's ending fund balance of \$18,731,433.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District adopts a budget in August for the fiscal year beginning July 1<sup>st</sup>. Consistent with current state statutes and regulations, a *revised* budget is adopted in October following determination of official enrollment and certification of states aids. Generally, the original budget, which is passed in July at the Annual Meeting is not significantly modified. The District modified its original budget in 2019-20 to reflect:

- Modifications in state aid and revenue cap adjustments
- Modifications in expenditures related to special education staff
- Grants

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2020, the District had invested \$120.2 million in capital assets, including buildings; sites and equipment (see Table 4 below). Total accumulated depreciation on these assets was \$32.4 million. Asset acquisitions for governmental activities totaled \$9,925,154. The District recognized depreciation expense of 7.9%. (Detailed information about capital assets can be found in Note 4 to the financial statements.)

**Table 4**  
**Capital Assets**  
**(net of depreciation, in thousands of dollars)**

	Governmental Activities		Total % Change 19-20
	2019	2020	
Land	\$ 2,109	\$ 2,109	0.0%
Buildings and improvements	95,982	104,837	9.2%
Furniture and equipment	12,472	13,284	6.5%
Accumulated depreciation	(29,241)	(32,455)	11.0%
<b>TOTAL</b>	<b>\$ 81,322</b>	<b>\$ 87,775</b>	7.9%

Note: totals may not add due to rounding.

**SCHOOL DISTRICT OF MCFARLAND**  
 McFarland, Wisconsin  
 Management Discussion & Analysis, June 30, 2020

**Long-term Debt**

At year-end, the District had \$71.0 million in notes payable and other long-term debt outstanding – a decrease of \$1.1 million from fiscal year 2019. This decrease resulted from required repayments of principal. (Detailed information about the District’s long-term liabilities is presented in note 5 to the financial statements.)

**Table 5**  
**Outstanding Long-term Obligations**  
 (in thousands of dollars)

	Total		Total % Change
	School District		
	2019	2020	19-20
General Obligation Debt	\$ 62,825	\$ 61,160	-2.7%
Capital Lease Payable	305	434	42.3%
Accrued interest on long-term debt	546	529	-3.1%
Bond Premium	1,898	1,785	100.0%
Other post-retirement benefits	5,247	5,702	8.7%
Compensated Absences	1,313	1,396	6.3%
<b>TOTAL</b>	<b>\$ 72,134</b>	<b>\$ 71,006</b>	<b>-1.6%</b>

Note: totals may not add due to rounding.

Stipends and Compensated Absence payments to current and former employees is separated for comparison.

The General Obligation Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

**FACTORS BEARING ON THE DISTRICT’S FUTURE**

Currently known circumstances that will impact the District’s financial status in the future are:

- The District expects to have increasing resident enrollment over the next few years.
- The number of students entering the District through open enrollment will decrease as resident enrollment increases.
- The District was successful in November of 2016 with 3 referendum questions which continued to impact the 2020 Fiscal Year.
  - Question 1: \$65.15 Million for facilities improvements
  - Question 2: Beginning in 2017-2018, approval of \$232,000 over 2 years to exceed revenue limits on a recurring basis to operate the additional sq. ft. related to question 1.
  - Question 3: Beginning in 2017-2018, approval of \$1.1 Million over 3 years to exceed revenue limits on a recurring basis to maintain current educational programming.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jeff Mahoney, Business Manager, School District of McFarland, (608) 838-3169, School District of McFarland, 5101 Farwell, McFarland, WI 53558.

## BASIC FINANCIAL STATEMENTS

Exhibit A-1  
School District of McFarland, Wisconsin  
Statement of Net Position  
June 30, 2020

		Governmental Activities
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	8,684,729
Taxes receivable		4,190,759
Prepaid expenses		164,046
Due from other governmental units		372,153
Other receivables		162,964
Inventory		12,860
Total current assets		13,587,511
Noncurrent assets:		
Capital assets:		
Property and equipment		120,229,930
Less: accumulated depreciation		(32,455,221)
Net book value of capital assets		87,774,709
Restricted assets:		
Net pension asset		3,540,622
Total non-current assets		91,315,331
Total assets		104,902,842
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension outflows		7,734,173
OPEB - District health insurance plan outflows		474,848
OPEB - group life insurance plan outflows		451,433
Total deferred outflows of resources		8,660,454
Total assets and deferred outflows of resources	\$	113,563,296
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$	240,817
Accrued employee benefits payable		758,906
Accrued interest payable		529,428
Current portion of long-term obligations		2,579,686
Customer deposits		83,454
Total current liabilities		4,192,291
Noncurrent liabilities:		
Bonds and notes payable, plus unamortized debt premiums of \$1,784,667		62,944,667
Capital lease payable		433,569
Compensated absences		1,396,000
OPEB - District health insurance plan		4,635,590
OPEB - group life insurance plan		1,066,729
Less: current portion		(2,579,686)
Total noncurrent liabilities		67,896,869
Total liabilities		72,089,160
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension inflows		10,628,996
OPEB - District health insurance plan inflows		991,496
OPEB - group life insurance plan inflows		165,120
Total deferred inflows of resources		11,785,612
<b>NET POSITION</b>		
Net investment in capital assets		24,396,473
Restricted for:		
Food service		82,510
Debt service		650,971
Capital projects		550,195
Common school fund		31,680
Special revenue fund		245,323
Unrestricted		3,731,372
Total net position		29,688,524
Total liabilities, deferred inflows of resources and net position	\$	113,563,296

See accompanying notes to the basic financial statements.

Exhibit A-2  
School District of McFarland, Wisconsin  
Statement of Activities  
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expenses)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
<b>Governmental activities:</b>					
Instruction:					
Regular instruction	\$ 12,438,203	\$ 2,055,617	\$ 211,082	\$ 6,765	\$ (10,164,739)
Vocational education	869,398	15,920	25,747		(827,731)
Special education	4,311,287	76,368	2,546,362		(1,688,557)
Other instruction	1,853,372	145,976	200,485		(1,506,911)
Total instruction	<u>19,472,260</u>	<u>2,293,881</u>	<u>2,983,676</u>	<u>6,765</u>	<u>(14,187,938)</u>
Support services:					
Pupil services	1,380,743		19,436		(1,361,307)
Instructional staff services	1,512,109	1,387	322,124		(1,188,598)
General administration services	528,012		7,000		(521,012)
Building administration services	1,869,351	12,254			(1,857,097)
Business administration	4,886,241		36,868		(4,849,373)
Central services	57,774				(57,774)
Insurance	261,663		31,000		(230,663)
Food service	998,991	587,964	362,755		(48,272)
Other support services	782,763				(782,763)
Community services	543,315	104,670	300		(438,345)
Interest and other charges on debt	2,172,817				(2,172,817)
Depreciation - unallocated	2,690,167				(2,690,167)
Total support services	<u>17,683,946</u>	<u>706,275</u>	<u>779,483</u>		<u>(16,198,188)</u>
Non-program transactions:					
Purchased instructional services	23,431,035	23,439,125	92,058		100,148
Other non-program transactions	291,646	222,136			(69,510)
Total non-program transactions	<u>23,722,681</u>	<u>23,661,261</u>	<u>92,058</u>		<u>30,638</u>
Total governmental activities	<u>\$ 60,878,887</u>	<u>\$ 26,661,417</u>	<u>\$ 3,855,217</u>	<u>\$ 6,765</u>	<u>(30,355,488)</u>
General revenues:					
Property taxes					
General purposes					12,997,289
Debt services					3,808,819
Capital projects					249,000
Community services					394,365
Other taxes					9,955
Federal and State aid not restricted for specific purposes					
General					14,103,581
Interest and investment earnings					326,551
Gain (loss) on sale of fixed assets					8,706
Miscellaneous					159,852
Total general revenues					<u>32,058,118</u>
Changes in net position					1,702,630
Net position - beginning					27,985,894
Net position - ending				\$	<u>29,688,524</u>



Exhibit A-3  
School District of McFarland, Wisconsin  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 6,562,705	\$ 548,682	\$ 1,573,342	\$ 8,684,729
Taxes receivable	4,190,759			4,190,759
Prepaid expenses	164,046			164,046
Accounts receivable	68,413	90,373	4,178	162,964
Due from other governments	331,430		40,723	372,153
Due from other funds	12,570			12,570
Inventory			12,860	12,860
	<u>11,329,923</u>	<u>639,055</u>	<u>1,631,103</u>	<u>13,600,081</u>
Total assets	\$ 11,329,923	\$ 639,055	\$ 1,631,103	\$ 13,600,081
<b>LIABILITIES</b>				
Accounts payable	\$ 124,041	\$ 88,860	\$ 27,916	\$ 240,817
Accrued employee benefits payable	758,906			758,906
Due to other funds			12,570	12,570
Customer deposits	1,069		82,385	83,454
	<u>884,016</u>	<u>88,860</u>	<u>122,871</u>	<u>1,095,747</u>
Total liabilities	884,016	88,860	122,871	1,095,747
<b>FUND BALANCES</b>				
Nonspendable	164,046		12,860	176,906
Restricted	31,680	550,195	1,495,372	2,077,247
Assigned	132,611			132,611
Unassigned	10,117,570			10,117,570
	<u>10,445,907</u>	<u>550,195</u>	<u>1,508,232</u>	<u>12,504,334</u>
Total fund balances	10,445,907	550,195	1,508,232	12,504,334
Total liabilities and fund balances	\$ 11,329,923	\$ 639,055	\$ 1,631,103	\$ 13,600,081

Exhibit A-4  
School District of McFarland, Wisconsin  
Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Position  
June 30, 2020

Total fund balances - governmental funds:	\$		12,504,334
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the fund statements. Amounts reported for governmental activities in the statement of net position:</p>			
Governmental capital assets		120,229,930	
Governmental accumulated depreciation		<u>(32,455,221)</u>	87,774,709
<p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.</p>			
			3,540,622
<p>Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the plans. These items are reflected in the statement of net position and are being amortized with pension and OPEB expense 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.</p>			
Deferred outflows of resources			8,660,454
Deferred inflows of resources			<u>(11,785,612)</u>
<p>Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:</p>			
Bonds and notes payable		61,160,000	
Debt premiums		1,784,667	
Capital lease payable		433,569	
Accrued interest on long-term debt		529,428	
Compensated absences		1,396,000	
OPEB - District health insurance plan		4,635,590	
OPEB - group life insurance plan		<u>1,066,729</u>	<u>(71,005,983)</u>
Total net position - governmental activities	\$		<u><u>29,688,524</u></u>

Exhibit A-5  
School District of McFarland, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2020

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 13,007,244	\$ 249,000	\$ 4,203,184	\$ 17,459,428
Other local sources	556,060	78,368	993,755	1,628,183
Interdistrict sources	25,567,180		17,502	25,584,682
Intermediate sources	2,296		7,637	9,933
State sources	16,300,587		15,237	16,315,824
Federal sources	947,474		347,269	1,294,743
Other sources	65,289	90,648	3,912	159,849
<b>Total revenues</b>	<b>56,446,130</b>	<b>418,016</b>	<b>5,588,496</b>	<b>62,452,642</b>
<b>EXPENDITURES</b>				
Instruction:				
Regular instruction	12,691,394	42,752	21,326	12,755,472
Vocational instruction	840,615		13,536	854,151
Special instruction	4,271,360			4,271,360
Other instruction	1,645,885		197,041	1,842,926
<b>Total instruction</b>	<b>19,449,254</b>	<b>42,752</b>	<b>231,903</b>	<b>19,723,909</b>
Support services:				
Pupil services	1,368,150		894	1,369,044
Instructional staff services	1,491,816		6,705	1,498,521
General administration services	511,040			511,040
Building administration services	1,821,121		10,142	1,831,263
Business administration	4,455,851	9,087,753	4,863	13,548,467
Central services	65,194		1,138	66,332
Insurance	258,893	2,770		261,663
Food service			1,043,167	1,043,167
Community service			534,319	534,319
Principal and interest	182,203		3,839,944	4,022,147
Other support services	847,172			847,172
<b>Total support services</b>	<b>11,001,440</b>	<b>9,090,523</b>	<b>5,441,172</b>	<b>25,533,135</b>
Non-program transactions:				
Purchased instructional services	23,431,035			23,431,035
Other non-program transactions	291,646			291,646
<b>Total non-program transactions</b>	<b>23,722,681</b>			<b>23,722,681</b>
<b>Total expenditures</b>	<b>54,173,375</b>	<b>9,133,275</b>	<b>5,673,075</b>	<b>68,979,725</b>
Excess (deficiency) of revenues over expenditures	2,272,755	(8,715,259)	(84,579)	(6,527,083)
<b>OTHER FINANCING SOURCES</b>				
Capital lease proceeds	296,278			296,278
Sale of capital assets	3,706			3,706
<b>Total other financing sources</b>	<b>299,984</b>			<b>299,984</b>
<b>Net change in fund balances</b>	<b>2,572,739</b>	<b>(8,715,259)</b>	<b>(84,579)</b>	<b>(6,227,099)</b>
Fund balances - beginning	7,873,168	9,265,454	1,592,811	18,731,433
Fund balances - ending	\$ 10,445,907	\$ 550,195	\$ 1,508,232	\$ 12,504,334

See accompanying notes to the basic financial statements.

Exhibit A-6  
School District of McFarland, Wisconsin  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$	(6,227,099)
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements and donated assets	9,931,919	
Depreciation expenses reported in the statement of activities	<u>(3,478,902)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		6,453,017
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension liability between years, with adjustments		(99,177)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities		
The amount of long-term debt principal payments in the current year is		1,832,685
Long-term debt proceeds, including capital leases, provide current financial resources to governmental funds but issuing long-term debt increases long-term liabilities in the statement of net position.		
Repayment of principal on long-term debt is reported in governmental funds as an expenditure		
The amount of capital lease proceeds in the current year is		(296,278)
Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of net position and allocated over the life of the debt issue as interest income in the statement of activities.		
Amount of debt premiums amortized in the current year		113,404
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The statement of activities reports values of benefits earned during the year.		
Change in compensated absences		(83,074)
Change in OPEB - District health insurance plan liability and related deferred outflows and inflows of resources		75,636
Change in OPEB - group life insurance plan liability and related deferred outflows and inflows of resources		(83,129)
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	2,189,463	
The amount of interest accrued during the current period	<u>(2,172,818)</u>	
Interest paid is greater (less) than interest accrued by		<u>16,645</u>
Change in net position - governmental activities	\$	<u><u>1,702,630</u></u>

Exhibit A-7  
School District of McFarland, Wisconsin  
Statement of Net Position  
Fiduciary Funds  
June 30, 2020

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>136,631</u>
Total assets	\$ <u><u>136,631</u></u>
<b>LIABILITIES</b>	
Due to student groups	\$ <u>136,631</u>
Total liabilities	\$ <u><u>136,631</u></u>

Exhibit A-8  
 School District of McFarland, Wisconsin  
 Statement of Changes in Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2020

	Private Purpose Trust
<b>ADDITIONS</b>	
Gifts	\$ 1,500
Total additions	1,500
<b>DEDUCTIONS</b>	
Scholarships awarded	\$ 1,500
Total deductions	1,500
Change in net position	_____
Net position - beginning	_____
Net position - ending	\$ _____

NOTES TO THE BASIC FINANCIAL STATEMENTS

School District of McFarland  
Index to the Notes to the Basic Financial Statements  
June 30, 2020

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School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District of McFarland (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The School District of McFarland is organized as a common school district governed by an elected five-member school board. The District operates early childhood programs through grade 12. The district is comprised of all or parts of six taxing districts.

The accompanying financial statements present the activities of the School District of McFarland. The School District is not a component unit of another reporting entity nor does it have any component units.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards. The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

B. Basis of Financial Statement Presentation

*District-wide Statements:*

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except for fiduciary funds, which are presented in the fund financial statements by type. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District does not report any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the district's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Financial Statement Presentation (Continued)

*Fund Financial Statements:*

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

*Governmental Funds*

Governmental funds are identified as either general, special revenue, debt service, capital projects, or permanent private-purpose trust or agency funds based upon the following guidelines:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Permanent Funds - Permanent funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Financial Statement Presentation (Continued)

Fiduciary Funds (Not included in district-wide statements)

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for resources legally held in trust for student scholarships.

Agency Funds - Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

*Major Funds*

The District reports the following major governmental funds:

- General Fund
- Capital Projects

*Non-Major Funds*

The District reports the following non-major funds:

- Debt Service
- Special Revenue Funds:
  - Food Service
  - Package Cooperative
  - Special Revenue Fund
  - Community Service

*Fiduciary Funds*

The District reports the following fiduciary funds:

- Private-Purpose Trust Funds:
  - Scholarship
- Agency Funds:
  - Student Activity

C. Measurement Focus and Basis of Accounting

The district-wide Statement of Net Position and Statement of Activities and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. The District's standard accounting policy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Normally, all taxes are collected within 60 days of June 30th and are deemed available to pay current liabilities. Due to the COVID-19 pandemic, under State of Wisconsin 2019 Act 185, counties could pass a resolution to waive penalties for late property tax payments through October 1, 2020. Dane County passed such a resolution. This resolution may have delayed final tax settlements until September 2020. While this date is greater than 60 days after June 30, 2020, the delayed settlement is considered an unusual circumstance. Accordingly, the District's full tax levy that was certified in November 2019 will be recognized as revenue for the year ending June 30, 2020.

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District 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, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, deferred inflows of resources is removed from the combined balance sheet and revenue is recognized.

D. Assets and Liabilities

*Cash and Cash Equivalents/Investments*

The District has pooled a portion of the cash resources of its funds in order to maximize investment opportunities. Each fund’s portion of total cash and investments is reported as cash and cash equivalents/investments by the District’s individual major funds, and in aggregate for non-major and agency funds. Interest earned is distributed monthly to various funds based on each fund’s proportionate equity in the cash and investment pool. Designated or restricted cash resources are kept in separate accounts.

All deposits of the District are made in board designated official depositories and are secured as required by State Statute. The District may designate, as an official depository, any bank or savings association. Also, the District 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 nonmoney market investments are carried at fair value as determined by quoted market prices.

*Accounts Receivable*

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

*Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory in the general and food service funds are governmental activities and consist of expendable food and supplies held for consumption. The costs are recorded as expenditures under the purchase method. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

*Internal receivables and payables*

The amounts reported on the statement of net position for internal receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for these internal balances within the same fund type.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

*Capital Assets*

District-wide Statements

In the district-wide financial statements, capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at acquisition value.

All capital assets that meet the District's capitalization threshold of \$5,000 are capitalized and updated for additions. Assets that are disposed are taken off on an annual basis. All improvements to capital assets are capitalized while the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful are expensed.

Depreciation of all exhaustible fixed assets 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:

Computer equipment	5 years
Vehicles and buses	8 years
Other equipment	5 – 15 years
Site improvements	20 years
Buildings	50 years
Subsequent modernization to buildings	10 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

*Employee Benefits*

The vested sick and vacation leave, and other postemployment benefit liabilities are reported on the district-wide financial statements. In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

Vacation

The District's policy allows employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Vacation pay is granted on July 1 of the ensuing year and is not cumulative. Administration, directors and supervisors may roll over unused vacation days or receive a payout, but days are capped for rollover. Year round support staff may roll over all unused vacations days with no cap. No payout is available.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Sick Pay

Sick leave eligibility and accumulation is specified in employee handbooks or individual employment contracts.

Upon retirement, resignation, or death (after achieving a specified number of years of service), employees receive a lump-sum payment based on unused accumulated sick leave, to the maximum specified in the employment agreements.

An accrual for accumulated sick leave is included in the compensated absences liability in the statement of net position at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end, and includes applicable salary related payments.

Other Postemployment Benefits

*District health insurance plan*

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information of the District's Other Postemployment Benefit Plan (the Plan) has been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

*Group life insurance plan*

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and 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 LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the district-wide statements. Long-term debt consists primarily of notes, bonds or loans payable, capital leases and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

E. 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 fund types.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Interfund Transactions

Charges for services between funds are reported as revenues in the seller funds and as expenditure/expense in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. These transfers are eliminated from the statement of activities. On the fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the statement of net position.



School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Equity Classifications

*District-wide Statements*

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either 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.
- c. Unrestricted net position – All other net position that do 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 – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the Board of Education, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Board of Education takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts the Board of Education intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative fund balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Equity Classifications (Continued)

The District's long-term goals for fund balance is to achieve and maintain a general fund balance that would alleviate the need to short-term borrow for operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e. damages). The general fund balance shall not be used for recurring costs in the operating budget.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The District's fund balance policy states fund balances shall be maintained to avoid excessive short term borrowing for cash flow purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

I. Pensions

For purposes of measuring the net position liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

J. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system and OPEB plans.

In addition to liabilities, the statement of net position reports 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 District has items that qualify for reporting in this category. The deferred inflows of resources are related to the WRS pension system and OPEB plans.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds' statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities in the basic financial statements represent:

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the Statement of Activities. The long-term expenses reported recognize the change in vested employee benefits.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3                    CASH AND INVESTMENTS

As previously discussed, cash for all District funds is generally pooled for investment purposes with the exception of separate checking accounts for student activity funds. At June 30, 2020, the cash and investments included the following:

Account Balances	
Petty cash/cash on hand	\$ 4,700
Deposits with financial institutions	8,815,956
Local Government Investment Pool	704
Total	\$ 8,821,360
Per Statement of Net Position - Exhibit A-1:	
Cash and investments	\$ 8,684,729
Per Statement of Net Position - Fiduciary Funds - Exhibit A-7:	
Cash and investments	136,631
Total	\$ 8,821,360

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

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

Investment Type	Remaining Maturity (in months)	
	Amount	12 months or less
WI local government investment pool (LGIP)	\$ 704	\$ 704

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.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investments policy that would further limit its investment choices. As of June 30, 2020, the District's investments in the Wisconsin Local Government Investment Pool was not rated.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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 District would not be able to recover the value of its investment of collateral securities that are in possession of another party. The District does not have an investment policy for custodial credit risk.

*Federal Deposit Insurance Corporation (FDIC) Insurance*

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

*Collateralization of Public Unit Deposits*

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. 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 organizations. Additionally, deposits in credit unions are insured by the NCUA in the amount of \$250,000 for all accounts.

At June 30, 2020, the District had \$9,461,773 of deposits with financial institutions. Of this amount, \$250,000 was insured by the FDIC or the NCUA and \$9,211,772 was collateralized with financial institutions.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

*Collateralization of Public Unit Deposits (Continued)*

Fluctuating cash flows during the year due to collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding insured amounts at the balance sheet date.

*Wisconsin Local Government Investment Pool*

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of June 30, 2020 was: 93.78% in U.S. Government Securities, 1.74% in Bankers' Acceptances and 4.48% in commercial paper and corporate notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

LGIP is exempt from fair value disclosure due to investments being valued at amortized cost.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

At June 30, 2020, the District had \$9,461,773 deposited in one financial institution.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Balance 7/1/19	Additions	Deletions	Balance 6/30/20
<i>Governmental Activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,109,194	\$ 67,935	\$ (67,935)	\$ 2,109,194
Total capital assets not being depreciated	2,109,194	67,935	(67,935)	2,109,194
 <i>Capital assets, being depreciated:</i>				
Buildings	91,490,803	8,174,590		99,665,393
Land improvements	4,490,911	680,872		5,171,783
Furniture and equipment	12,471,981	1,076,457	(264,878)	13,283,560
Total capital assets, being depreciated	108,453,695	9,931,919	(264,878)	118,120,736
Total capital assets	110,562,889	9,999,854	(332,813)	120,229,930
 <i>Less accumulated depreciation:</i>				
Buildings	17,599,997	2,740,754		20,340,751
Land improvements	2,044,649	117,882		2,162,531
Furniture and equipment	9,596,551	620,266	(264,878)	9,951,939
Total accumulated depreciation	29,241,197	3,478,902	(264,878)	32,455,221
Total net capital assets	\$ 81,321,692	\$ 6,520,952	\$ (67,935)	\$ 87,774,709

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 473,204
Vocational instruction	9,409
Other instruction	472
Pupil services	10,355
Instructional staff services	401
Building administration	8,145
Business administration	285,665
Other support services	1,084
Depreciation not charged to a specific function	2,690,167
Total depreciation for governmental activities	\$ 3,478,902

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital outlay was charged to governmental functions as follows:

Regular instruction	\$ 807,790
Building administration services	36,841
Business administration	9,080,523
Total capital outlay	\$ 9,925,154

NOTE 5 LONG-TERM OBLIGATIONS

A. Long-term Notes Liability

Long-term liability balances and activity for the year ended June 30, 2020 were as follows:

	Beginning 7/1/2019	Increases	Decreases	Balance 6/30/2020	Current Portion
Bonds and notes payable:					
General obligation bonds and notes	\$ 62,825,000		\$ (1,665,000)	\$ 61,160,000	\$ 1,905,000
Unamortized bond premium	1,898,071		(113,404)	1,784,667	
Total bonds and notes payable	64,723,071		(1,778,404)	62,944,667	1,905,000
Other liabilities:					
Capital lease payable	304,976	296,278	(167,685)	433,569	196,230
Compensated absences	1,312,926	434,854	(351,780)	1,396,000	478,456
Total other liabilities	1,617,902	731,132	(519,465)	1,829,569	674,686
Per statement of net position	\$ 66,340,973	\$ 731,132	\$ (2,297,869)	\$ 64,774,236	\$ 2,579,686

The other liabilities are typically being liquidated through the general fund.

Total interest paid and accrued during the year:

	Expense	Paid
Long-term debt	\$ 2,172,818	\$ 2,189,463



School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2020 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance
G.O. promissory notes	12/28/2016	2.0 - 3.0%	4/1/2026	\$ 5,350,000
G.O. improvement bonds	8/1/2017	2.5 - 5.0%	4/1/2037	38,860,000
G.O. improvement bonds	8/15/2019	3.0 - 4.0%	4/1/2038	16,950,000
Total general obligation bonds and notes				<u>\$ 61,160,000</u>

The 2019 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$1,605,599,732. The legal debt limit and margin of indebtedness as of June 30, 2020 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$1,605,599,732)	\$ 160,559,973
Deduct long-term debt applicable to debt margin	<u>(61,160,000)</u>
Margin of indebtedness	<u>\$ 99,399,973</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2020 follows:

Year Ended June 30,	General Obligation Bonds and Notes		
	Principal	Interest	Total
2021	\$ 1,905,000	\$ 2,112,694	\$ 4,017,694
2022	2,135,000	2,034,194	4,169,194
2023	2,390,000	1,952,144	4,342,144
2024	2,585,000	1,868,344	4,453,344
2025	2,790,000	1,772,494	4,562,494
2026 - 2030	15,810,000	7,146,594	22,956,594
2031 - 2035	18,870,000	4,499,788	23,369,788
2036 - 2038	14,675,000	1,083,375	15,758,375
Totals	<u>\$ 61,160,000</u>	<u>\$ 22,469,627</u>	<u>\$ 83,629,627</u>

**B. Employee Benefits**

Employee benefits at June 30, 2020 are calculated based on the District's assumptions that employees will receive future payments for these benefits. Benefits included in this calculation include vested sick leave, compensatory time, and vacation benefits earned through June 30, 2020. The estimated liability for earned benefits at June 30, 2020 is \$1,396,000, and is shown on the statement of net position. The District's contributions are financed on a "pay-as-you-go" basis.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 6

CAPITAL LEASES, AS LESSEE

The District has acquired capital assets through lease/purchase agreements. The gross amount of these assets under the capital assets are \$759,591. The future minimum lease payments as of June 30, 2020 are as follows:

Year Ended June 30,	
2021	\$ 227,332
2022	88,711
2023	77,364
2024	77,364
2025	45,129
Total payments	515,900
Less: interest	(82,331)
Principal lease payments	\$ 433,569

NOTE 7

DEFINED BENEFIT PENSION PLAN

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

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3%)	22%
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17
2019	0.0	(10)

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

During the reporting period, the WRS recognized \$1,158,019 in contributions from the employer.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contribution rates as of June 30, 2020 are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2020, the School District of McFarland reported a liability (asset) of (\$3,540,622) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The School District of McFarland's proportion of the net pension liability (asset) was based on the School District of McFarland's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the School District of McFarland's proportion was 0.10980525%, which was a decrease of 0.00028423% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School District of McFarland's recognized pension expense of \$1,297,200.

At June 30, 2020, the School District of McFarland reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,720,911	\$ 3,363,366
Changes of assumptions	275,908	
Net differences between projected and actual earnings on pension plan investments		7,238,292
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,278	27,338
Employer contributions subsequent to the measurement date	727,076	
<b>Total</b>	<b>\$ 7,734,173</b>	<b>\$ 10,628,996</b>

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$727,076 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ (1,086,635)
2022	(803,102)
2023	128,114
2024	(1,860,276)
<b>Total</b>	<b>\$ (3,621,899)</b>

**Actuarial assumptions.** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability (asset) for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Long-term expected Return on Plan Assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Allocation Targets and Expected Returns</b>			
<b>As of December 31, 2019</b>			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term</u>	<u>Long-Term</u>
	%	Expected Nominal	Expected Real
		Rate of Return %	Rate of Return %
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

**Single Discount rate.** A single discount rate of 7.00% was used to measure the total pension liability (asset) for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (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, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 (asset).

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Sensitivity of the School District of McFarland's proportionate share of the net pension liability (asset) to changes in the discount rate:** The following presents the School District of McFarland's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the School District of McFarland's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
School District of McFarland's proportionate share of the net pension liability (asset)	\$9,117,735	(\$3,540,622)	(\$13,004,201)

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

NOTE 8

GOVERNMENTAL FUND BALANCES

Portions of fund balances are not available for general appropriation or expenditure, as follows:

Nonspendable:	
General Fund	
Prepayments	\$ 164,046
Food service	
Inventory	12,860
Total nonspendable fund balance	<u>\$ 176,906</u>
Assigned:	
General Fund	
Career and technical education incentive grant	\$ 115,611
Special education transition grant	17,000
Total assigned fund balance	<u>\$ 132,611</u>
Restricted:	
Debt service fund	\$ 1,180,399
Special revenue fund	245,323
Capital projects fund	550,195
Food service fund	69,650
General fund - Common school library fund	31,680
Total restricted fund balance	<u>\$ 2,077,247</u>

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District 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 District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

NOTE 11 INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payable balances in the fund financial statements on June 30, 2020 are as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Package cooperative	\$ 12,570	Cash flow

In the Statement of Net Position, amounts reported in the governmental fund balance sheet as interfund balances have been eliminated within the district-wide statements.

NOTE 12 GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the District-Wide Statement of Net Position at June 30, 2020 includes the following:

Governmental activities:	
Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 87,774,709
Less: related long-term debt outstanding	(61,593,569)
Less: unamortized bond premium	(1,784,667)
Total net investment in capital assets	24,396,473
Restricted:	
Food service	82,510
Debt service	650,971
Common school fund	31,680
Capital projects	550,195
Special revenue	245,323
Total restricted	1,560,679
Unrestricted	3,731,372
Total governmental activities net position	\$ 29,688,524



School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 13    OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN

The District reports its liability for other post-employment benefits based on an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

**Plan Description** – The District operates a single-employer retiree benefit plan that provides postemployment health and dental insurance benefits to eligible employees and their spouses. There are 344 active and 42 retired members in the plan. Benefits and eligibility for teachers, administrators, and support staff are established and amended by the governing body. The plan does not issue stand-alone financial statements. Current approved benefits are as follows:

**Administrators:** At least age 55 with a minimum of 10 years of consecutive service in the District and retiring within 2 years of meeting first eligibility.

The District will make annual contributions into a premium only HRA on behalf of eligible retirees until Medicare-eligibility or death, whichever should occur first. The annual contributions will be equal to a percentage determined by years of service and year retired relative to first meeting eligibility. The District’s total HRA contributions, over the entire duration of the benefit will not exceed 1.25 times the retiree’s final salary.

**Teachers:** At least age 57 with a minimum of 15 years of service in the District (those hired after September 1, 2007 need 20 years of service).

The District will contribute \$8,000 per year upon retirement into a premium only HRA until Medicare eligibility.

**Support Staff:** At least age 58 with a minimum of 15 years of service in the District and has no breaks in consecutive service over 2 years.

The District will make annual contributions into a premium only HRA on behalf of eligible retirees until Medicare-eligibility or death, whichever should occur first. The amounts of the annual contributions are determined by hours worked per year in the last three years of employment. These funds may be used for premiums only to remain on the District’s medical plan or with another health plan outside the District.

**Funding Policy** – The District will fund the OPEB with a pay-as-you go basis. There are no assets accumulated in a trust to provide for these benefits.

**Employees Covered by Benefit Terms** – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	42
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	344
	<u>386</u>

**Total OPEB Liability** – The District’s total OPEB liability of \$4,635,590 was measured at June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and measurement date.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 13 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

**Actuarial Assumptions and Other Inputs.** The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

Inflation	2.5 percent
Salary increases	3 percent, average, including inflation
Discount rate	3.50 percent
Healthcare cost trend rates	Actual increases in the first year then 7.50% decreasing by 0.50% per year down to 6.50%, then down by 0.10% per year down to 5.0%, and level thereafter
Retirees' share of benefit-related costs	Retirees' are responsible for the difference between the total premium costs and the district's premium and HRA contributions.

The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period.

Mortality rates were based on the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%).

The actuarial assumptions used in the June 30, 2018 valuation were based on a study conducted in 2015 using the Wisconsin Retirement System (WRS) experience from 2012-2014.

**Changes in the Total OPEB Liability:**

	<u>Total OPEB Liability</u>
<b>Balance at 6/30/2018</b>	<u>\$ 4,602,109</u>
<b>Changes for the year:</b>	
Service cost	274,509
Interest	168,736
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	69,686
Benefit payments	<u>(479,450)</u>
<b>Net Changes</b>	<u>33,481</u>
<b>Balance at 6/30/2019</b>	<u><u>\$ 4,635,590</u></u>

There were no changes of benefit terms.

The actuarial valuation was performed as of June 30, 2018. The discount rate was decreased from 3.75% to 3.5% when the information was rolled forward to June 30, 2019.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

		1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	6/30/2019	\$ 4,924,060	\$ 4,635,590	\$ 4,362,858

**Sensitivity of the total OPEB liability to changes in healthcare cost trend rates**

The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 decreasing to 6.0 percent) than the current healthcare cost trend rates:

		1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	6/30/2019	\$ 4,407,584	\$ 4,635,590	\$ 4,901,340

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$335,861. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$	\$ 285,296
Changes of assumptions or other inputs	63,351	706,200
Contributions after the measurement date	411,497	
Total	\$ 474,848	\$ 991,496

\$411,497 reported as deferred outflows of resources related to pension resulting from the School District of McFarland contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2021	\$ (107,384)
2022	(107,384)
2023	(107,384)
2024	(107,384)
2025	(107,384)
Thereafter	(391,225)
Total	\$ (928,145)

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 14    OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN

**Plan description.** The Local Retiree Life Insurance Fund (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 employees.

**OPEB Plan Fiduciary Net Position.** ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

**Benefits provided.** The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees 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.

Employers are required to pay the following contributions based on employee 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 employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2020 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee 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 employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

<b>Life Insurance Employee Contribution Rates* For the year ended December 31, 2019</b>		
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 wavier-of-premium benefit		

During the reporting period, the LRLIF recognized \$4,528 in contributions from the employer.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At June 30, 2020, the LRLIF Employer reported a liability (asset) of \$1,066,729 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.250512%, which was an increase of 0.000519% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$120,226.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$ 47,788
Changes of assumptions	393,521	117,332
Net differences between projected and actual earnings on OPEB plan investments	20,122	
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,217	
Employer contributions subsequent to the measurement date	2,573	
Totals	\$ 451,433	\$ 165,120

\$2,573 reported as deferred outflows related to OPEB resulting from the District employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>Net Outflows (Inflows) of Resources</b>
Year ended June 30:	
2021	\$ 49,756
2022	49,756
2023	47,586
2024	45,351
2025	36,840
Thereafter	54,451
Total	\$ 283,740

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

**Actuarial assumptions.** The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

**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, 2019**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

**Single Discount rate.** A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. 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.

**Sensitivity of the District’s proportionate share of the net OPEB liability (asset) to changes in the discount rate.** The following presents the District’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the District’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 (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	<b>1% Decrease to Discount Rate (1.87%)</b>	<b>Current Discount Rate (2.87%)</b>	<b>1% Increase to Discount Rate (3.87%)</b>
District’s proportionate share of the net OPEB liability (asset)	\$1,472,974	\$1,066,729	\$757,656

**OPEB plan fiduciary net position.** Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

NOTE 15 CHARTER SCHOOLS

Four Lakes Education, Inc. operates non-instrumentality charter schools that are part of the School District of McFarland. "Non-instrumentality" means the day to day operation rests solely with the charter holder, Four Lakes Education, Inc., its board, and its education provider, K12, Inc.

Students of the charter schools are recognized within the School District of McFarland’s open enrollment state membership. State of Wisconsin open enrollment tuition revenue generated by the charter schools totaled \$23,661,261 for the school year ended June 30, 2020. This revenue is received by the School District of McFarland and then paid to the charter schools, less oversight fee amounts retained by the School District of McFarland. In addition, certain federal and state grant funds are received by the School District of McFarland and passed through to the charter schools.

Four Lakes Education, Inc. is a tax exempt 501(c)(3) organization currently consisting of five members. One non-voting member is appointed by the School District of McFarland Board of Education.

NOTE 16 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has adopted GASB Statement No. 87, *Leases* and GASB Statement No. 84, *Fiduciary Activities*. When these become effective, application of these standards may restate portions of these financial statements.

School District of McFarland  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 17

COMMITMENTS AND CONTINGENCIES

In late 2019, a novel strain of coronavirus (COVID-19) originated and subsequently spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. In March 2020 and through the remainder of the 2019/2020 school year, the State of Wisconsin required the closing of schools and in person learning, and school instruction was shifted to virtual platforms.

The full financial impact on the District is unknown. It is anticipated that the impacts of COVID-19 will continue for some time. Future impacts may include changes to student enrollment. Student enrollment factors into calculations for certain state aid revenues and impacts revenue limits. Enrollment changes from COVID-19 could impact multiple school years as certain aid and revenue limit calculations use a three-year enrollment rolling average. Other impacts may include, but are not limited to, continued disruptions of in-person schooling and events, and restrictions on employees' ability to work. Changes to the operating environment are also expected to increase operating costs.

NOTE 18

SUBSEQUENT EVENTS

Subsequent to June 30, 2020, the District approved MHS parking lot bids for approximately \$213,000.



REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1  
School District of McFarland, Wisconsin  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Property taxes	\$ 13,218,586	\$ 13,008,289	\$ 13,007,244	\$ (211,342)	\$ (1,045)
Other local sources	321,520	321,520	556,060	234,540	234,540
Interdistrict sources	15,855,000	15,852,467	25,493,108	9,638,108	9,640,641
State sources	13,557,374	14,235,749	14,313,346	755,972	77,597
Federal sources	133,911	150,493	149,332	15,421	(1,161)
Other sources	40,000	40,000	65,289	25,289	25,289
Total revenues	<u>43,126,391</u>	<u>43,608,518</u>	<u>53,584,379</u>	<u>10,457,988</u>	<u>9,975,861</u>
<b>EXPENDITURES</b>					
Instruction:					
Undifferentiated curriculum	7,080,727	7,306,240	7,305,816	(225,089)	424
Regular curriculum	6,006,233	6,028,858	5,385,578	620,655	643,280
Vocational instruction	785,320	785,980	840,615	(55,295)	(54,635)
Physical curriculum	596,917	599,932	654,736	(57,819)	(54,804)
Co-curricular activities	809,883	809,693	807,570	2,313	2,123
Gifted and talented	227,341	221,658	183,579	43,762	38,079
Total instruction	<u>15,506,421</u>	<u>15,752,361</u>	<u>15,177,894</u>	<u>328,527</u>	<u>574,467</u>
Support services:					
Pupil services	844,609	876,915	745,523	99,086	131,392
Instructional staff services	1,179,688	1,343,173	1,210,677	(30,989)	132,496
General administration services	557,560	494,460	511,040	46,520	(16,580)
Building administration services	1,748,051	1,868,518	1,821,121	(73,070)	47,397
Business administration	4,179,517	4,223,526	4,321,070	(141,553)	(97,544)
Central services	47,999	46,000	65,194	(17,195)	(19,194)
Insurance	232,000	232,000	227,893	4,107	4,107
Principal and interest	272,996	154,968	182,203	90,793	(27,235)
Other support services	1,015,971	1,137,971	847,172	168,799	290,799
Total support services	<u>10,078,391</u>	<u>10,377,531</u>	<u>9,931,893</u>	<u>146,498</u>	<u>445,638</u>
Non-program transactions:					
Purchased instructional services	13,707,050	13,780,382	23,013,796	(9,306,746)	(9,233,414)
Other non-program transactions			690	(690)	(690)
Total non-program transactions	<u>13,707,050</u>	<u>13,780,382</u>	<u>23,014,486</u>	<u>(9,307,436)</u>	<u>(9,234,104)</u>
Total expenditures	<u>39,291,862</u>	<u>39,910,274</u>	<u>48,124,273</u>	<u>(8,832,411)</u>	<u>(8,213,999)</u>
Excess (deficiency) of revenues over expenditures	<u>3,834,529</u>	<u>3,698,244</u>	<u>5,460,106</u>	<u>1,625,577</u>	<u>1,761,862</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer to special education fund	(3,808,532)	(3,887,885)	(3,187,351)	621,181	700,534
Capital lease proceeds			296,278	296,278	296,278
Sale of capital assets			3,706	3,706	3,706
Total other financing sources (uses)	<u>(3,808,532)</u>	<u>(3,887,885)</u>	<u>(2,887,367)</u>	<u>921,165</u>	<u>1,000,518</u>
Net change in fund balance	25,997	(189,641)	2,572,739	2,546,742	2,762,380
Fund balance - beginning	7,873,168	7,873,168	7,873,168		
Fund balance - ending	<u>\$ 7,899,165</u>	<u>\$ 7,683,527</u>	<u>\$ 10,445,907</u>	<u>\$ 2,546,742</u>	<u>\$ 2,762,380</u>

Exhibit B-2  
School District of McFarland, Wisconsin  
Budgetary Comparison Schedule for the Special Education Fund  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Interdistrict sources	\$	\$	\$ 74,072	\$ 74,072	\$ 74,072
Intermediate sources			2,296	2,296	2,296
State sources	1,465,000	1,626,201	1,987,241	522,241	361,040
Federal sources	904,057	990,758	798,142	(105,915)	(192,616)
Total revenues	<u>2,369,057</u>	<u>2,616,959</u>	<u>2,861,751</u>	<u>492,694</u>	<u>244,792</u>
<b>EXPENDITURES</b>					
Instruction:					
Special education curriculum	4,468,929	4,669,639	4,271,360	197,569	398,279
Total instruction	<u>4,468,929</u>	<u>4,669,639</u>	<u>4,271,360</u>	<u>197,569</u>	<u>398,279</u>
Support services:					
Pupil services	611,887	611,887	622,627	(10,740)	(10,740)
Instructional staff services	328,472	443,572	281,139	47,333	162,433
Business administration	244,099	162,716	134,781	109,318	27,935
Insurance	31,000	31,000	31,000		
Total support services	<u>1,215,458</u>	<u>1,249,175</u>	<u>1,069,547</u>	<u>145,911</u>	<u>179,628</u>
Non-program transactions:					
Purchased instructional services	293,202	295,075	417,239	(124,037)	(122,164)
Other non-program transactions	200,000	290,955	290,956	(90,956)	(1)
Total non-program transactions	<u>493,202</u>	<u>586,030</u>	<u>708,195</u>	<u>(214,993)</u>	<u>(122,165)</u>
Total expenditures	<u>6,177,589</u>	<u>6,504,844</u>	<u>6,049,102</u>	<u>128,487</u>	<u>455,742</u>
Excess (deficiency) of revenues over expenditures	<u>(3,808,532)</u>	<u>(3,887,885)</u>	<u>(3,187,351)</u>	<u>621,181</u>	<u>700,534</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from general fund	<u>3,808,532</u>	<u>3,887,885</u>	<u>3,187,351</u>	<u>(621,181)</u>	<u>(700,534)</u>
Net change in fund balance					
Fund balance - beginning					
Fund balance - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Exhibit B-3  
School District of McFarland  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
June 30, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 274,509	\$ 325,357	\$ 351,510	\$ 351,510
Interest	168,736	193,959	169,974	169,797
Changes in benefit terms				
Differences between expected and actual experience		(348,696)		
Changes of assumptions or other inputs	69,686	(726,367)	(159,857)	
Benefit payments	<u>(479,450)</u>	<u>(442,276)</u>	<u>(503,067)</u>	<u>(527,734)</u>
Net change in total OPEB	\$ 33,481	\$ (998,023)	\$ (141,440)	\$ (6,427)
Total OPEB Liability- Beginning	<u>4,602,109</u>	<u>5,600,132</u>	<u>5,741,572</u>	<u>5,747,699</u>
Total OPEB Liability- Ending	<u>\$ 4,635,590</u>	<u>\$ 4,602,109</u>	<u>\$ 5,600,132</u>	<u>\$ 5,741,272</u>
<b>Covered Employee Payroll</b>	<u>\$ 16,701,426</u>	<u>\$ 16,701,426</u>	<u>\$ 13,941,569</u>	<u>\$ 13,941,569</u>
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 27.76%	 27.56%	 40.17%	 41.18%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is only presented for the years for which the required supplementary information is available.

Exhibit B-4  
School District of McFarland  
Wisconsin Retirement System Schedules  
June 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
Last 10 Calendar Years\*

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	Proportionate share of the 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)
2019	(0.10980525%)	\$ (3,540,622)	\$ 17,679,634	(20.03%)	(102.96%)
2018	0.11008948%	3,916,638	16,908,431	23.16%	96.45%
2017	(0.11017636%)	(3,271,266)	16,171,874	(20.23%)	(102.93%)
2016	0.10915020%	899,658	16,100,797	5.59%	99.12%
2015	0.10689427%	1,737,011	15,673,694	11.08%	98.20%
2014	(0.10366112%)	(2,545,501)	14,811,127	(17.19%)	(102.74%)

\*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years\*\*

Year ended June 30,	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
2020	\$ 1,195,820	\$ (1,195,820)		\$ 17,927,863	6.67%
2019	1,159,239	(1,159,239)		17,537,686	6.61%
2018	1,108,441	(1,108,441)		16,446,103	6.74%
2017	1,089,982	(1,089,982)		16,223,378	6.72%
2016	1,065,814	(1,065,814)		15,900,077	6.70%
2015	1,059,704	(1,059,704)		15,403,490	6.88%

\*\*The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

Exhibit B-5  
School District of McFarland  
Local Retiree Life Insurance Fund Schedules  
June 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

Last 10 Calendar Years\*

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2019	0.25051200%	\$ 1,066,729	\$ 12,852,000	8.30%	37.58%
2018	0.24999300%	645,066	12,346,000	5.22%	48.69%
2017	0.24138400%	726,223	10,150,888	7.15%	44.81%

\*The proportionate share of the net OPEB liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF CONTRIBUTIONS**

Last 10 Fiscal Years\*\*

Year ended June 30,	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
2020	\$ 5,089	(5,089)		\$ 13,136,000	0.04%
2019	4,870	(4,870)		12,200,000	0.04%
2018	4,708	(4,708)		11,681,000	0.04%

\*\*The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

School District of McFarland  
Notes to the Required Supplementary Information  
June 30, 2020

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NOTE 1

BUDGET SCHEDULE

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the function level for all funds.

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

- Based upon requests from district staff, district administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

The District is legally required by the State of Wisconsin to maintain and budget separately for a Special Education Fund. The Special Education Fund is combined with the General Fund in the basic financial statements. Due to the perspective differences in budgeting, the required supplementary information reports the budgetary comparison information separately for the General Fund and the Special Education Fund.

Except as noted in the previous paragraph, annual budgets are adopted on a basis consistent with U.S generally accepted accounting principles for all governmental and special revenue funds.

Appropriations lapse at year-end unless authorized as a carryover by the School Board.

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions/sub-functions had an excess of actual expenditures over budget for the year ended June 30, 2020:

Fund	Excess Expenditures
General fund:	
Non-program transactions	\$ 9,234,104
Special Education:	
Non-program transactions	122,165

School District of McFarland  
Notes to the Required Supplementary Information  
June 30, 2020

NOTE 3

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY  
INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 53,584,379	\$ 2,861,751
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	2,861,751	(2,861,751)
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 56,446,130	\$ _____
	General Fund	Special Education Fund
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 48,124,273	\$ 6,049,102
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	6,049,102	(6,049,102)
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 54,173,375	\$ _____

NOTE 4

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 4 preceding years.

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

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



School District of McFarland  
Notes to the Required Supplementary Information  
June 30, 2020

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NOTE 5

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

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

*Changes of assumptions.* Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLAN – SINGLE EMPLOYER HEALTH INSURANCE PLAN

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 6 preceding years.

*Changes of benefit terms.* There were no changes of benefit terms during the year.

*Changes of assumptions.* The discount rate was decreased from 3.75% to 3.5% when the June 30, 2018 actuarial study was rolled forward to June 30, 2019.

*Assets.* There are no assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.

SUPPLEMENTARY INFORMATION

Exhibit C-1  
School District of McFarland, Wisconsin  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

	Debt Service	Food Service	Package Cooperative	Special Revenue Fund	Community Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 1,180,399	\$ 123,604	\$	\$ 245,323	\$ 24,016	\$ 1,573,342
Accounts receivable		278			3,900	4,178
Due from other governments		28,153	12,570			40,723
Inventory		12,860				12,860
Total assets	<u>\$ 1,180,399</u>	<u>\$ 164,895</u>	<u>\$ 12,570</u>	<u>\$ 245,323</u>	<u>\$ 27,916</u>	<u>\$ 1,631,103</u>
<b>LIABILITIES</b>						
Accounts payable	\$	\$	\$	\$	\$ 27,916	\$ 27,916
Due to other funds			12,570			12,570
Customer deposits		82,385				82,385
Total liabilities		<u>82,385</u>	<u>12,570</u>		<u>27,916</u>	<u>122,871</u>
<b>FUND BALANCES</b>						
Nonspendable		12,860				12,860
Restricted	1,180,399	69,650		245,323		1,495,372
Total fund balances	<u>1,180,399</u>	<u>82,510</u>		<u>245,323</u>		<u>1,508,232</u>
Total liabilities and fund balances	<u>\$ 1,180,399</u>	<u>\$ 164,895</u>	<u>\$ 12,570</u>	<u>\$ 245,323</u>	<u>\$ 27,916</u>	<u>\$ 1,631,103</u>

Exhibit C-2  
School District of McFarland, Wisconsin  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2020

	Debt Service	Food Service	Package Cooperative	Special Trust Fund	Community Service	Total Nonmajor Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 3,808,819				\$ 394,365	\$ 4,203,184
Other local sources		588,214		300,571	104,970	993,755
Interdistrict payments			17,502			17,502
Intermediate payments			7,637			7,637
State sources		15,237				15,237
Federal sources		347,269				347,269
Other sources				217	3,695	3,912
<b>Total revenues</b>	<u>3,808,819</u>	<u>950,720</u>	<u>25,139</u>	<u>300,788</u>	<u>503,030</u>	<u>5,588,496</u>
<b>EXPENDITURES</b>						
Instruction:						
Regular instruction				21,326		21,326
Vocational instruction			13,332	204		13,536
Other instruction			6,490	190,551		197,041
<b>Total instruction</b>			<u>19,822</u>	<u>212,081</u>		<u>231,903</u>
Support services						
Pupil services				894		894
Instructional staff services			5,262	1,443		6,705
Building administration				10,142		10,142
Business administration			55	4,808		4,863
Central services				1,138		1,138
Food services		1,043,167				1,043,167
Community services					534,319	534,319
Principal and interest	3,839,944					3,839,944
<b>Total support services</b>	<u>3,839,944</u>	<u>1,043,167</u>	<u>5,317</u>	<u>18,425</u>	<u>534,319</u>	<u>5,441,172</u>
<b>Total expenditures</b>	<u>3,839,944</u>	<u>1,043,167</u>	<u>25,139</u>	<u>230,506</u>	<u>534,319</u>	<u>5,673,075</u>
Excess (deficiency) of revenues over expenditures:	<u>(31,125)</u>	<u>(92,447)</u>		<u>70,282</u>	<u>(31,289)</u>	<u>(84,579)</u>
Fund balances - beginning	1,211,524	174,957		175,041	31,289	1,592,811
Fund balances - ending	<u>\$ 1,180,399</u>	<u>\$ 82,510</u>		<u>\$ 245,323</u>	<u>\$</u>	<u>\$ 1,508,232</u>

Exhibit C-3  
 School District of McFarland, Wisconsin  
 Schedule of Charter School Authorizer Operating Costs  
 Fiscal Year Ending June 30, 2020

OPERATING ACTIVITY	WUFUR OBJECT CODE	COST
Employee Salaries	100	\$ 14,586
Employee Benefits	200	1,873
Purchased Services	300	
Non-Capital Objects	400	
Capital Objects	500	
Insurance & Judgements	700	
Dues & Fees	900	
<b>Total</b>		<b>\$ 16,459</b>