

# **Village of McFarland**

Financial Statements and  
Supplementary Information

December 31, 2020

# Village of McFarland

---

Table of Contents  
December 31, 2020

	<u>Page</u>
<b>Independent Auditors' Report</b>	i
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	iii
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13
Statement of Fiduciary Net Position - Custodial Fund	15
Statement of Changes in Fiduciary Net Position - Custodial Fund	16
Index to Notes to Financial Statements	17
Notes to Financial Statements	18
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund Fund	48
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	49
Schedule of Employer Contributions - Wisconsin Retirement System	49
Notes to Required Supplementary Information	50

# Village of McFarland

---

Table of Contents  
December 31, 2020

	<u>Page</u>
<b>Supplementary Information</b>	
Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	51
Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	53
Combining Balance Sheet - Nonmajor Governmental Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	57

## **Independent Auditors' Report**

To the Village Board of  
Village of McFarland

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McFarland, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village of McFarland'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.

### ***Auditors' 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. 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 auditors' 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 Village of McFarland'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 Village of McFarland'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McFarland, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of McFarland's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
May 18, 2021

# Village of McFarland

## Management's Discussion and Analysis

December 31, 2020

(Unaudited)

The management of the Village of McFarland (Village) offers this narrative discussion and analysis (MD&A) of the financial performance of the Village for the year ended December 31, 2020. The MD&A is designed to: (1) assist the reader in focusing on significant financial issues; (2) provide an overview of the Village's financial activity; (3) identify changes in the Village's financial position; (4) identify material deviations from the approved budget; and (5) identify individual fund issues or concerns.

Since the MD&A focuses primarily on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's more detailed financial statements which follow this section.

### Financial Highlights

When revenues exceed expenses, the result is an increase in net position; when expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses illustrates the Village's operating results. The Village's net position, as measured in the Statement of Net Position, is an important indicator of the Village's financial position or health. Over time, increases or decreases in the Village's net position, as measured in the Statement of Activities, are important indicators of whether its financial health is improving or deteriorating. The Village's mission, however, is to provide services that improve the quality of life for its residents, rather than generate profits as companies do. For this reason, it is also necessary to consider many other nonfinancial factors, such as the condition of roads or quality of services, in assessing the overall health of the Village.

- The assets and deferred outflows of resources of the Village of McFarland exceeded its liabilities and deferred inflows of resources as of December 31, 2020 by \$61,677,502 (net position). Total net position includes all major infrastructure networks.
- The Village of McFarland's total net position increased by \$317,008 in 2020.
- As of December 31, 2020, the Village of McFarland's governmental funds reported combined ending fund balances of \$7,102,969, a decrease of \$327,852 (4.41 percent) from the prior year. The main contributor to this decrease was the increase in TIF incentives paid as well as an increase in capital project activity in 2020.
- As of December 31, 2020, the unassigned fund balance for the General Fund was \$2,406,928 or approximately 36.53 percent of total general fund expenditures budgeted for 2021. The total fund balance in the General Fund – also including Nonspendable, Restricted, Committed and Assigned amounts – was \$3,007,862, an increase of \$133,486 (4.64 percent) over the previous year.
- The Village of McFarland's total general obligation debt increased by \$2,235,000 as of December 31, 2020. At year-end, the Village was utilizing 32.6 percent of its general obligation debt capacity, an increase from 30.6 percent the previous year. \$2,065,000 of the general obligation debt is for TIF No. 3, TIF No. 4 and TIF No. 5 purposes and will be repaid from revenue sources other than general property taxes. If the TIF debt is subtracted out, the Village is utilizing 28.9 percent of its allowable debt capacity for general purposes.

# Village of McFarland

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

## Overview of the Financial Statements

### Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. To assess the overall health of the Village it is also necessary to consider additional nonfinancial factors such as changes in the Village's property tax base and the condition of the Village's infrastructure.

The *Statement of Activities* presents information showing how the Village's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government; public safety; health and social services; public works; leisure activities; and conservation and development. The business-type activities of the Village of McFarland include the Water, Sewer and Storm Water Utilities.

The government-wide financial statements can be found on pages 1 to 3 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## Village of McFarland

---

Management's Discussion and Analysis

December 31, 2020

(Unaudited)

The Village maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, General Debt Service, TIF No. 3 and the Capital Equipment and Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 4 to 9 of this report.

*Proprietary Funds* – The Village maintains two (2) proprietary enterprise funds – the Water and Sewer Utility and the Storm Water Utility, both of which are major funds. These enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 10 to 14 of this report.

*Custodial Funds* – Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village is the trustee or fiduciary, for collection of all property taxes within the Village for all taxing jurisdictions. These jurisdictions include the McFarland School District, Dane County, Madison Area Technical College and the State of Wisconsin forestry tax.

The basic fiduciary fund financial statements can be found on pages 15 to 16 of this report.

*Notes to the Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 47 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, required supplementary information presents a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget and information relating to the Village's net pension asset and related contributions. These schedules can be found on pages 48 to 50 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information and can be found on pages 51 to 58 of this report.



# Village of McFarland

Management's Discussion and Analysis

December 31, 2020

(Unaudited)

## Financial Analysis of the Village as a Whole

An analysis of the Village's financial position should begin with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the Village's net position and changes therein. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth and new regulations.

### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of McFarland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$61,677,502 as of December 31, 2020. This is an increase of \$317,008 (0.52 percent) compared to 2019 when the net position improved \$1,911,812 (3.2 percent) over the prior year.

The largest portion of the Village's net position (approximately 82 percent) reflects its investments in capital assets (e.g. land, buildings, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

An additional portion of the Village's net position (approximately 7.5 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$6,343,621, a 22.5 percent decrease from the previous year. On the statement of net position there is an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column, the effect of which is explained further in Note 1 on page 25 of the financial statements.

## Village of McFarland

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

A summary of the Village's Statement of Net Position is presented in the table below.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 18,145,936	\$ 16,268,534	\$ 5,147,903	\$ 5,515,105	\$ 23,293,839	\$ 21,783,639
Capital assets	47,574,463	45,127,950	20,873,203	20,059,872	68,447,666	65,187,822
Total assets	65,720,399	61,396,484	26,021,106	25,574,977	91,741,505	86,971,461
Deferred outflows	1,968,828	2,325,505	190,983	265,758	2,159,811	2,591,263
Long-term liabilities	15,969,587	14,314,756	3,823,531	3,787,882	19,793,118	18,102,638
Other liabilities	1,299,071	670,992	254,627	242,513	1,553,698	913,505
Total liabilities	17,268,658	14,985,748	4,078,158	4,030,395	21,346,816	19,016,143
Deferred inflows	10,675,592	9,053,789	218,031	132,298	10,893,623	9,186,087
Net position:						
Net investment in capital assets	34,100,994	34,348,776	17,126,812	16,418,433	50,732,206	49,946,723
Restricted	4,005,104	2,759,986	596,571	471,155	4,601,675	3,231,141
Unrestricted	1,655,504	2,573,690	4,192,517	4,788,454	6,343,621	8,182,630
Total net position	\$ 39,761,602	\$ 39,682,452	\$ 21,915,900	\$ 21,678,042	\$ 61,677,502	\$ 61,360,494

The net position section includes an adjustment for capital assets owned by the business-type activities column but financed by the debt of the governmental activities column. See Note 1.

### Changes in Net Position

The following table provides a summary of the Village's operations for the year ended December 31, 2020. Governmental activities increased the Village of McFarland's net position by \$79,150 (0.20 percent). This compares to an increase of \$1,104,396 (2.9 percent) in 2019.

Business-type activities increased the net position by \$237,858 (1.1 percent). This compares to an increase of \$807,416 (3.9 percent) in the prior year.

## Village of McFarland

Management's Discussion and Analysis

December 31, 2020

(Unaudited)

The following tables and narrative review separately the operational results of governmental and business-type activities.

### Village of McFarland Condensed Statement of Revenues, Expenses and Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,479,457	\$ 1,549,949	\$ 3,027,383	\$ 2,755,242	\$ 4,506,840	\$ 4,305,191
Operating grants and contributions	1,631,885	1,145,134	-	-	1,631,885	1,145,134
Capital grants and contributions	681,220	1,410,455	483,329	825,182	1,164,549	2,235,637
General revenues:						
Property taxes	7,298,602	7,056,266	-	-	7,298,602	7,056,266
Other taxes	153,788	122,281	-	-	153,788	122,281
Intergovernmental	343,501	209,140	-	-	343,501	209,140
Investment income	84,284	278,767	26,955	105,034	111,239	383,801
Gain on asset disposal	13,650	868	12,789	-	26,439	868
Miscellaneous	12,502	34,304	34,827	8,910	47,329	43,214
<b>Total revenues</b>	<b>11,698,889</b>	<b>11,807,164</b>	<b>3,585,283</b>	<b>3,694,368</b>	<b>15,284,172</b>	<b>15,501,532</b>
<b>Expenses</b>						
General government	1,600,775	1,155,104	-	-	1,600,775	1,155,104
Public safety	2,685,632	3,241,869	-	-	2,685,632	3,241,869
Health and social services	254,979	242,177	-	-	254,979	242,177
Public works	2,739,701	3,065,311	-	-	2,739,701	3,065,311
Leisure activities	2,960,489	1,892,912	-	-	2,960,489	1,892,912
Conservation and development	1,244,878	947,313	-	-	1,244,878	947,313
Interest and fiscal charges	403,630	420,742	-	-	403,630	420,742
Water, sewer and storm water	-	-	3,077,080	2,624,292	3,077,080	2,624,292
<b>Total expenses</b>	<b>11,890,084</b>	<b>10,965,428</b>	<b>3,077,080</b>	<b>2,624,292</b>	<b>14,967,164</b>	<b>13,589,720</b>
Increase (decrease) in net position before transfers	(191,195)	841,736	508,203	1,070,076	317,008	1,911,812
Transfers	270,345	262,660	(270,345)	(262,660)	-	-
<b>Changes in net position</b>	<b>79,150</b>	<b>1,104,396</b>	<b>237,858</b>	<b>807,416</b>	<b>317,008</b>	<b>1,911,812</b>
<b>Net Position, Beginning</b>	<b>39,682,452</b>	<b>38,578,056</b>	<b>21,678,042</b>	<b>20,870,626</b>	<b>61,360,494</b>	<b>59,448,682</b>
<b>Net Position, Ending</b>	<b>\$ 39,761,602</b>	<b>\$ 39,682,452</b>	<b>\$ 21,915,900</b>	<b>\$ 21,678,042</b>	<b>\$ 61,676,502</b>	<b>\$ 61,360,494</b>

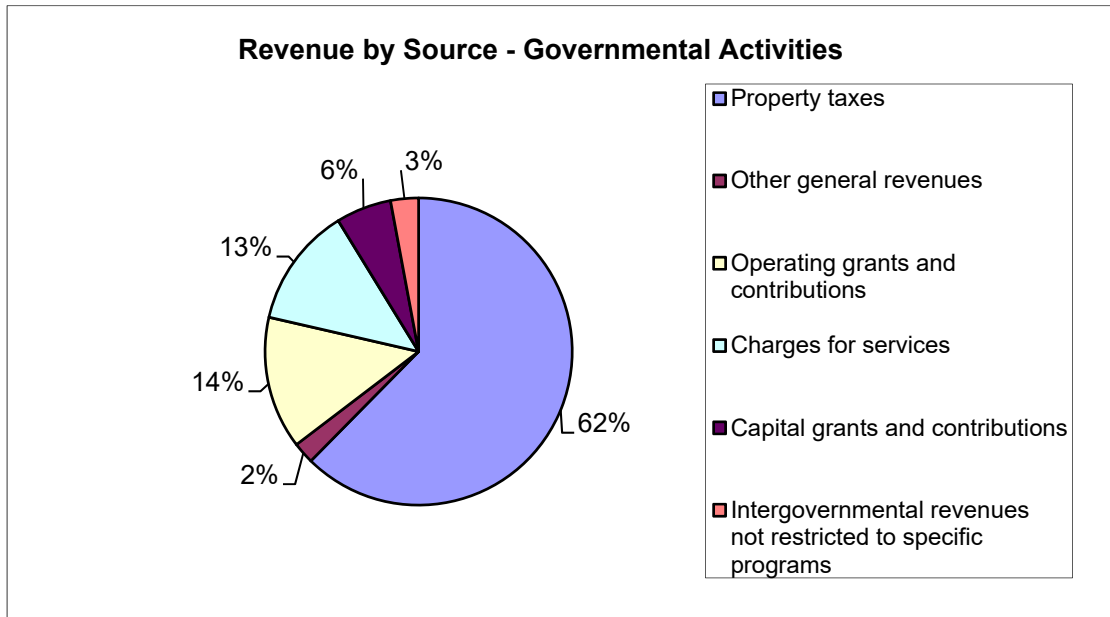
# Village of McFarland

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

## Governmental Activities

The Village received a total of \$11,698,889 in governmental activity revenues in 2020. This is a decrease of \$108,275 (0.92 percent) from the prior year. The overall tax levy and operating grants increased; however capital grants and contributions decreased. As the following chart indicates, property taxes account for about two-thirds of all revenues.

Revenue by Source – Governmental Activities



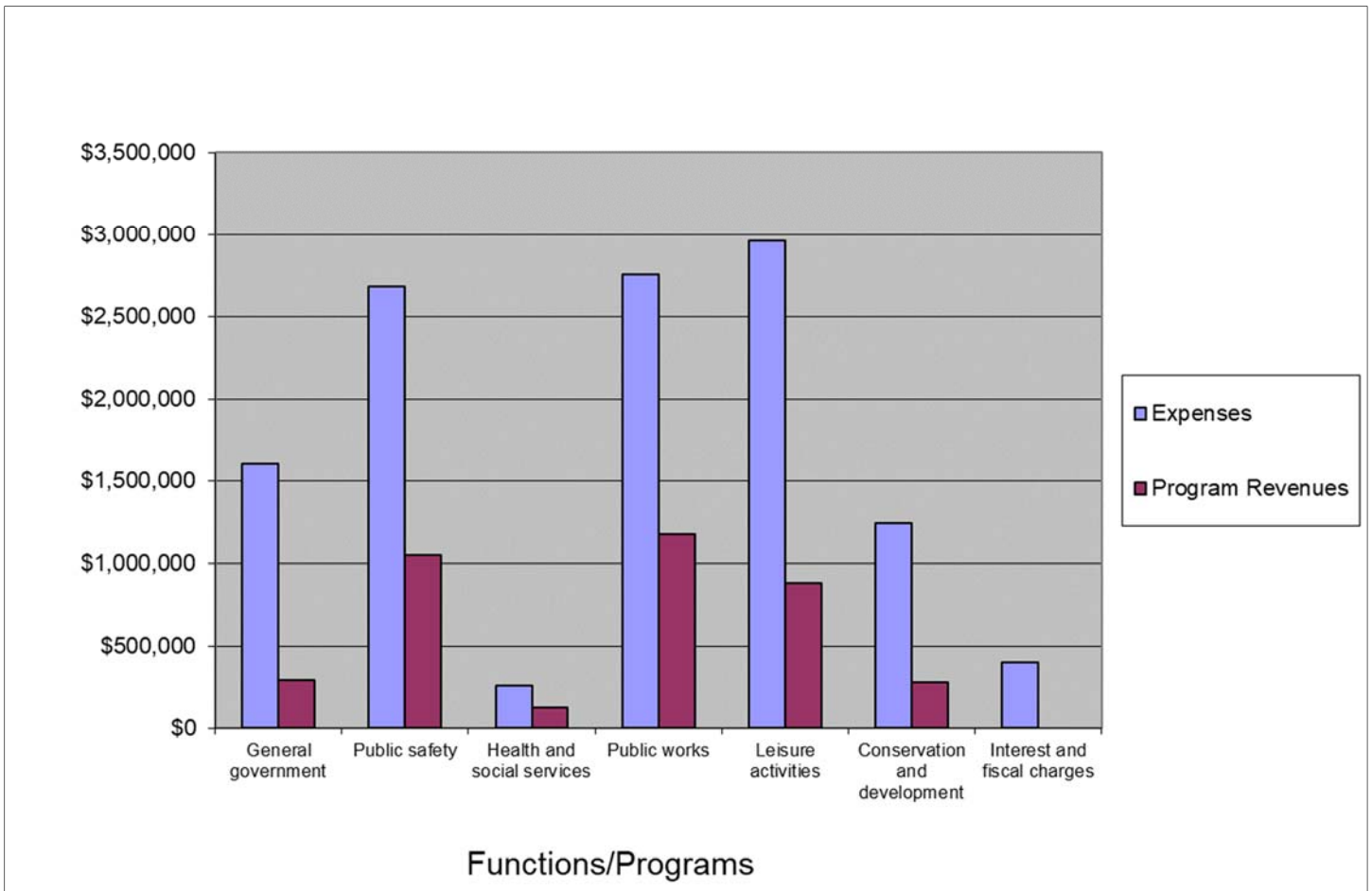
Total governmental activities expenses were \$11,890,084 in 2020, an increase of \$924,656 (8.4 percent) from the prior year. The increase in 2020 stems from an increase in leisure activities and conservation and development. Expenses exceeded revenues by \$191,195, down \$1,032,931 from the prior year when revenues exceeded expenses by \$841,736. After transfers, there was an increase in net position of \$79,150.

In 2020, Leisure activities accounted for the largest share of Village expenditures at 24.86 percent, up from 17.26 percent the prior year. This was followed by expenditures on Public Works activities at 23.04 percent, down from 27.95 percent. Other expenditure areas included General Government at 13.44 percent, Public Safety (police, fire, EMS, emergency management) Activities at 22.56 percent, Conservation and Development at 10.46 percent and Health and Social Services at 2.14 percent. Interest and fiscal charges accounted for the remaining 3.39 percent of governmental activity expenses, down from 3.84 percent in 2019.

# Village of McFarland

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

## Expenses and Program Revenue – Governmental Activities



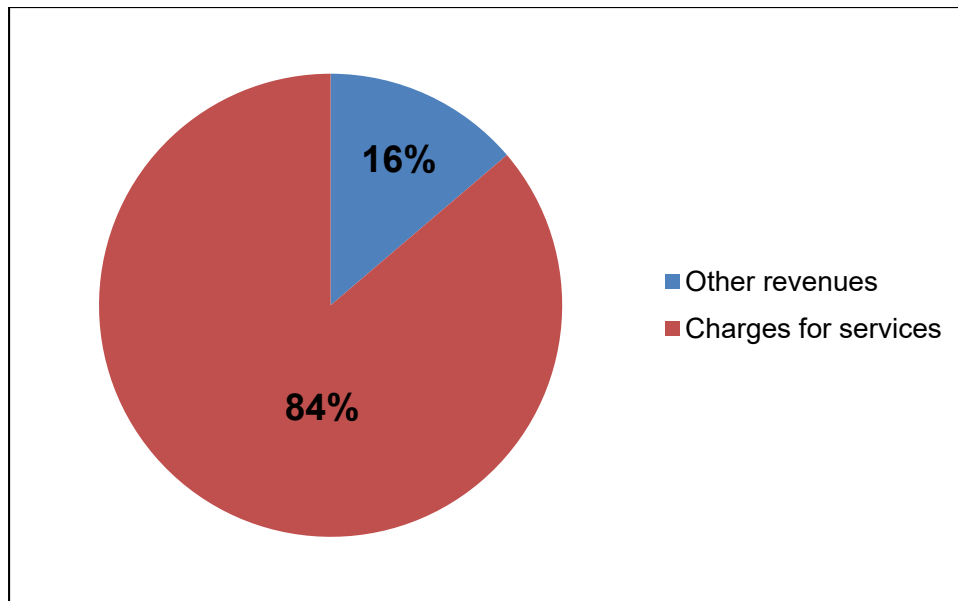
## Business-Type Activities

The Village generated \$3,585,283 in business-type activity revenue in 2020 from its Water, Sewer and Storm Water Utility Funds. This is a 2.95 percent decrease compared to 2019 when revenues were \$3,694,368. Charges for services are the largest revenue source for these operations, representing 84.44 percent of revenues.

# Village of McFarland

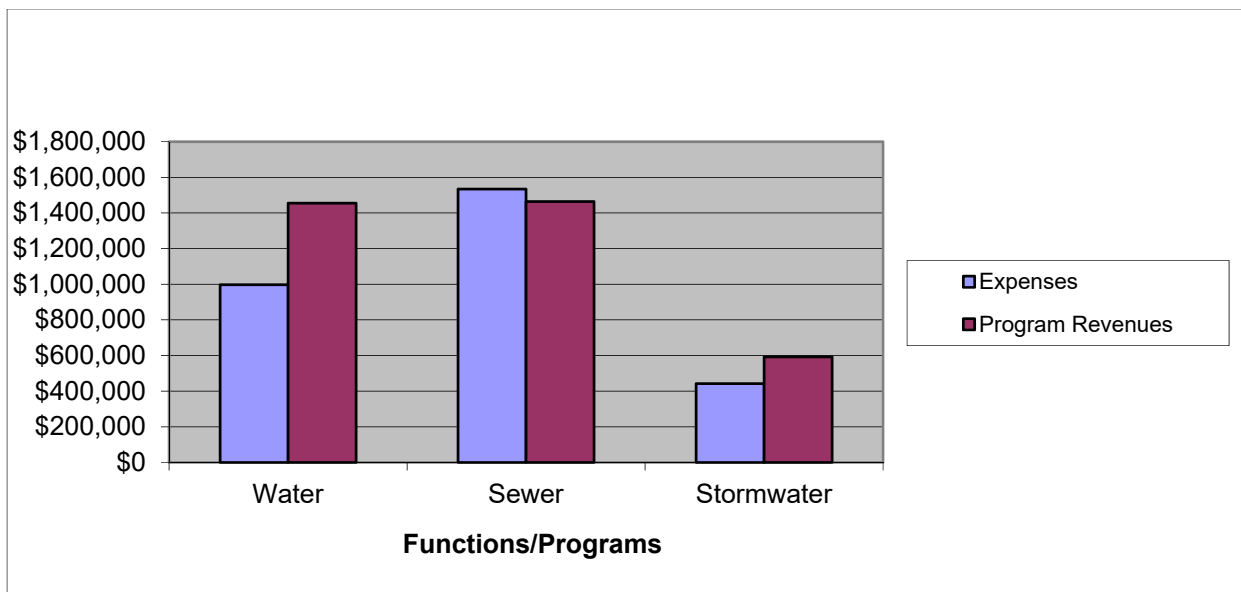
Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

## Revenue by Source – Business-type Activities



Business-type activities increased the Village's net position by \$237,858 (1.1 percent) in 2020. This compares to an increase of \$807,416 (3.9 percent) in 2019. The net operating income of the business-type activities was \$43,882, down \$173,426 (79.8 percent) from the prior year. The following graph compares the charges for services to the operating expenses for each utility. The authorized rate of return for the PSCW regulated Water Utility is 7.25 percent. The actual rate of return for 2020 was 1.77 percent, down from 1.58 percent in 2019. The sewer rates in effect during 2020 were implemented on August 5, 2020, the water rates became effective November 13, 2019 and the storm water rates became effective January 1, 2016.

## Expenses and Program Revenues – Business-type Activities



# Village of McFarland

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

## Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the Village of McFarland's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirement. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Village of McFarland's governmental funds reported combined ending fund balances of \$7,102,969, down \$327,852 (4.41 percent) from 2019. Approximately 23.02 percent of this total amount (\$1,634,969) constitutes unassigned fund balance, a decrease of \$220,770 from 2019. The remainder of the fund balance, \$5,468,000, is reported in the following categories: 1) nonspendable (\$62,525), 2) restricted (\$3,507,331), 3) committed (\$521,996) and 4) assigned (\$1,376,048).

### General Fund

The General Fund is the main operating fund of the Village. The general fund balance increased from \$2,874,376 to \$3,007,862, an increase of \$133,486 (4.64 percent). This is a result of an increase the tax levy, intergovernmental revenues received and an increase in transfers made to cover capital expenditures.

### General Debt Service Fund

The General Debt Service Fund balance increased \$42,238 from \$900,106 to \$942,344.

### Tax Incremental District No. 3 – Capital Projects

The district was created in 2004. The district exists to recover project costs from tax increments over its remaining statutory life. The district encompasses the Terminal Drive and Triangle Street areas which parallel the Highway 51 corridor at the northern end of the Village. The district has made and will continue to make needed street, sanitary sewer and storm water public improvements in the area and provides economic development assistance to stimulate development and redevelopment. Fund balance decreased by \$488,058 during the year. This decrease is primarily due to expenditures exceeding TIF increment.

### Capital Equipment and Projects Fund

This fund is used to account for financial resources to be used for the acquisition or construction of equipment and major facilities. Fund balance increased by \$96,303 from \$1,046,119 to \$1,142,422. The main reason for the increase is due to an increase of debt proceeds.

# Village of McFarland

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

## Proprietary Funds

The Village of McFarland's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Water and Sewer Utility:** The McFarland Water and Sewer Utility is an enterprise fund of the Village of McFarland. The utility's operating expenses in 2020, excluding depreciation, increased by \$307,642 from \$1,643,897 in 2019 to \$1,951,539 in 2020. Operating revenues of the Utility increased from \$2,214,001 in 2019 to \$2,475,201 in 2020. The Utility has an unrestricted cash balance of \$3,254,394.

**Storm Water Utility:** The Storm Water Utility was created July 1, 2008 and is an enterprise fund of the Village of McFarland. Operating expenses in 2020, excluding depreciation, were \$99,574 higher than those in 2019. Operating revenues increased \$10,941 (2.02 percent) from the prior year. The unrestricted cash balance at year-end was \$892,824.

## General Fund Budgetary Highlights

Total expenditures and other financing uses in the General Fund budget for 2020 was less than the approved budget by \$42,096. The adopted appropriations were \$6,398,250, while the actual expenditures and other financing uses totaled \$6,356,154.

On the revenue side, the actual operating revenues and other financing sources of \$6,489,640 exceeded the final budgeted revenues and other financing sources by \$116,390.

The net operating results for the General Fund budget for 2020 thus generated net income of \$133,486.

At the end of 2020, the Village had invested a total of \$68,447,666 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, library improvements/collection, infrastructure and construction work in progress.

Significant capital asset additions during 2020 included the following:

• Streets	\$	691,367
• Machinery, equipment and vehicles		675,976
• Renovations to the public works building		846,186
• Library improvements and collections		113,728
• Water		1,170,295
• Sewer		118,792
• Storm Water		217,395



## Village of McFarland

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Capital Assets at Year End Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 14,832,451	\$ 14,771,751	\$ 325,845	\$ 325,845	\$ 15,158,296	\$ 15,097,596
Land improvements	1,673,097	1,520,560	-	-	1,673,097	1,520,560
Buildings	12,678,262	11,696,085	-	-	12,678,262	11,696,085
Machinery and equipment	2,704,325	2,632,182	-	-	2,704,325	2,632,182
Vehicles	4,537,074	4,219,950	-	-	4,537,074	4,219,950
Library improvements/ collection	1,402,532	1,296,953	-	-	1,402,532	1,296,953
Intangibles	124,274	124,274	-	-	124,274	124,274
Streets	22,436,668	22,044,167	-	-	22,436,668	22,044,167
Sidewalks	4,682,280	4,641,200	-	-	4,682,280	4,641,200
Water plant	-	-	17,192,350	16,107,770	17,192,350	16,107,770
Sewer plant	-	-	7,351,635	7,255,035	7,351,635	7,255,035
Storm water	-	-	5,754,481	5,559,278	5,754,481	5,559,278
Construction in progress	2,050,508	495,333	-	-	2,050,508	495,333
Total capital assets	67,121,471	63,442,455	30,624,311	29,247,928	97,745,782	92,690,383
Less accumulated depreciation/ amortization	(19,547,008)	(18,314,505)	(9,751,108)	(9,188,056)	(29,298,116)	(27,502,561)
Capital assets, net of accumulated depreciation/ amortization	\$ 47,574,463	\$ 45,127,950	\$ 20,873,203	\$ 20,059,872	\$ 68,447,666	\$ 65,187,822

### Long-Term Debt

During 2020, the Village issued \$3,900,000 of new debt and \$1,740,000 of debt was retired. A total of \$14,800,000 in general obligation debt for governmental activities was outstanding at the end of 2020, some of which was incurred for future capital projects.

In 2020, the Water and Sewer Utility had \$3,240,000 of general obligation debt outstanding. The Storm Water Utility had total general obligation debt outstanding of \$360,000.

Under Wisconsin State Statutes, Chapter 67, the Village of McFarland's aggregate general obligation indebtedness may not exceed 5 percent of the equalized value of taxable property located in the Village. The net amount of debt at year-end that was applicable to the statutory limit was \$18,400,000 which was 32.6 percent of the maximum allowed of \$56,364,035. \$3,900,000 (21.2 percent) of the general obligation debt was issued for the capital projects fund.

## Village of McFarland

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Village of McFarland's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds and notes payable	\$ 14,800,000	\$ 12,640,000	\$ 3,600,000	\$ 3,525,000	\$ 18,400,000	\$ 16,165,000
Capital lease	139,568	53,107	74,127	53,107	192,675	106,214
Total outstanding debt	<u>\$ 14,939,568</u>	<u>\$ 12,693,107</u>	<u>\$ 3,674,127</u>	<u>\$ 3,578,107</u>	<u>\$ 18,592,675</u>	<u>\$ 16,271,214</u>

### Currently Known Facts / Economic Conditions

The Village of McFarland is located adjacent to the southeast edge of the City of Madison. This proximity to a major regional commercial center which is the capital of state government and home to the flagship campus of the University of Wisconsin produces a very favorable economic climate and has resulted in steady Village growth. The local economy has remained relatively stable even during periods of slowdown in the national economy. The market for existing homes strengthened significantly in 2018 and there are promising signs of increased growth in new residential construction. The local unemployment rate is well below state and federal rates. The Village's 2020 population was 8,650.

The property tax base remained relatively stable, despite the challenging real estate market. With the exception of sales of certain distressed properties, sales data showed that properties generally maintained their previous value as the market for sales of existing homes continued to rebound in 2020.

The McFarland Village Board adopted the 2021 budget in November 2020. The budget authorizes General Fund expenditures of \$6,594,000, up 3.06 percent over the previous year. The combined property tax levy for all funds is \$6,575,750. The General Fund retains unassigned reserves well in excess of the Village's policy of maintaining a minimum 20 percent of budgeted expenditures.

The Village of McFarland has been proactive in dealing with the effects of the nationwide COVID-19 pandemic, where effects continue into 2021. The federal government passed the American Rescue Plan Act (ARPA) on March 11, 2021. The Village's estimated award is approximately \$890,000, which will be used to combat the negative effects of the pandemic in the local economy. The Village expects to receive 50% of the funds in 2021, with the remaining funds expected a year later.

### Requests for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. If you have any questions about this report or need any additional information, contact the Village of McFarland, PO Box 110, McFarland, WI 53558-0110 or at (608) 838-3153.

General information relating to the Village of McFarland, Wisconsin, can be found at the Village's website, [www.mcfarland.wi.us](http://www.mcfarland.wi.us).

# Village of McFarland

Statement of Net Position  
December 31, 2020

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 6,867,549	\$ 4,147,218	\$ 11,014,767
Receivables (net):			
Taxes	8,127,621	-	8,127,621
Delinquent personal property taxes	1,210	-	1,210
Accounts	308,597	352,011	660,608
Other	-	1,441	1,441
Special assessments	-	36,109	36,109
Delinquent special assessments	1,371	-	1,371
Loans	250,486	-	250,486
Internal balances	229,009	(229,009)	-
Assets held for resale	781,320	-	781,320
Materials and supplies	-	19,450	19,450
Prepaid items	60,044	-	60,044
Restricted assets:			
Cash and investments	690,198	519,237	1,209,435
Net pension asset	828,531	77,334	905,865
Other assets	-	224,112	224,112
Capital assets:			
Land	14,832,451	325,845	15,158,296
Construction in progress	2,050,508	-	2,050,508
Other capital assets, net of depreciation	<u>30,691,504</u>	<u>20,547,358</u>	<u>51,238,862</u>
Total assets	<u>65,720,399</u>	<u>26,021,106</u>	<u>91,741,505</u>
<b>Deferred Outflows of Resources</b>			
Pension-related amounts	<u>1,968,828</u>	<u>190,983</u>	<u>2,159,811</u>
Total deferred outflows of resources	<u>1,968,828</u>	<u>190,983</u>	<u>2,159,811</u>
<b>Liabilities</b>			
Accounts payable	916,581	241,040	1,157,621
Accrued liabilities	320,009	8,587	328,596
Deposits	45,786	5,000	50,786
Due to other governmental units	70	-	70
Noncurrent liabilities:			
Due within one year	2,003,269	746,033	2,749,302
Due in more than one year	<u>13,966,318</u>	<u>3,077,498</u>	<u>17,043,816</u>
Total liabilities	<u>17,252,033</u>	<u>4,078,158</u>	<u>21,330,191</u>
<b>Deferred Inflows of Resources</b>			
Unearned revenues	8,177,123	-	8,177,123
Pension related amounts	<u>2,498,469</u>	<u>218,031</u>	<u>2,716,500</u>
Total deferred inflows of resources	<u>10,675,592</u>	<u>218,031</u>	<u>10,893,623</u>

See notes to financial statements

# Village of McFarland

Statement of Net Position  
December 31, 2020

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 34,100,994	\$ 17,126,812	\$ 50,732,206
Restricted for:			
Debt service	881,141	-	881,141
Equipment replacement	-	486,971	486,971
Impact fees	879,096	32,266	911,362
Pension	828,531	77,334	905,865
Library	177,709	-	177,709
TIF No. 3	1,193,024	-	1,193,024
Public Canine	45,603	-	45,603
Unrestricted	<u>1,655,504</u>	<u>4,192,517</u>	<u>6,343,621</u>
Total net position	<u>\$ 39,761,602</u>	<u>\$ 21,915,900</u>	<u>\$ 61,677,502</u>

See notes to financial statements

# Village of McFarland

## Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Governmental activities:									
General government	\$ 1,600,775	\$ 141,691	\$ 144,828	\$ -	\$ (1,314,256)	\$ -	\$ (1,314,256)		
Public safety	2,685,632	879,551	169,223	-	(1,636,858)	-	(1,636,858)		
Health and social services	254,979	-	125,008	-	(129,971)	-	(129,971)		
Public works	2,739,701	421,828	503,347	251,276	(1,563,250)	-	(1,563,250)		
Leisure activities	2,960,489	13,831	438,813	429,944	(2,077,901)	-	(2,077,901)		
Conservation and development	1,244,878	22,556	250,666	-	(971,656)	-	(971,656)		
Interest and fiscal charges	403,630	-	-	-	(403,630)	-	(403,630)		
Total governmental activities	<u>11,890,084</u>	<u>1,479,457</u>	<u>1,631,885</u>	<u>681,220</u>	<u>(8,097,522)</u>	<u>-</u>	<u>(8,097,522)</u>		
Business-Type activities:									
Water and Sewer Utility	2,530,487	2,475,201	-	443,819	-	388,533	388,533		
Storm Water Utility	546,593	552,182	-	39,510	-	45,099	45,099		
Total business-type activities	<u>3,077,080</u>	<u>3,027,383</u>	<u>-</u>	<u>483,329</u>	<u>-</u>	<u>433,632</u>	<u>433,632</u>		
Total	<u>\$ 14,967,164</u>	<u>\$ 4,506,840</u>	<u>\$ 1,631,885</u>	<u>\$ 1,164,549</u>	<u>(8,097,522)</u>	<u>433,632</u>	<u>(7,663,890)</u>		
<b>General Revenues</b>									
Taxes									
Property taxes, levied for general purposes							4,916,750	-	4,916,750
Property taxes, levied for debt service							1,449,500	-	1,449,500
Property taxes, levied for TIF districts							932,352	-	932,352
Other taxes							153,788	-	153,788
Intergovernmental revenues not restricted to specific programs							343,501	-	343,501
Investment income							84,284	26,955	111,239
Gain on disposal of assets							13,650	12,789	26,439
Miscellaneous							12,502	34,827	47,329
Total general revenues							<u>7,906,327</u>	<u>74,571</u>	<u>7,980,898</u>
Transfers							<u>270,345</u>	<u>(270,345)</u>	<u>-</u>
Total general revenues and transfers							<u>8,176,672</u>	<u>(195,774)</u>	<u>7,980,898</u>
Change in net position							79,150	237,858	317,008
<b>Net Position, Beginning</b>							<u>39,682,452</u>	<u>21,678,042</u>	<u>61,360,494</u>
<b>Net Position, Ending</b>							<u>\$ 39,761,602</u>	<u>\$ 21,915,900</u>	<u>\$ 61,677,502</u>

See notes to financial statements

# Village of McFarland

Balance Sheet  
Governmental Funds  
December 31, 2020

	<u>General</u>	<u>General Debt Service</u>	<u>TIF No. 3 Capital Project</u>	<u>Capital Equipment and Projects</u>
<b>Assets</b>				
Cash and investments	\$ 2,889,728	\$ 942,344	\$ 256,474	\$ 1,954,045
Restricted cash and investments	-	-	-	-
Receivables (net):				
Ensuing year levy	4,316,743	1,503,000	930,641	-
Delinquent taxes	1,210	-	-	-
Accounts	282,789	-	-	-
Delinquent special assessments	1,371	-	-	-
Loans	-	-	-	-
Due from other funds	270,345	-	-	-
Prepaid items	60,044	-	-	-
Advances to other funds	-	-	936,790	-
	<u>-</u>	<u>-</u>	<u>936,790</u>	<u>-</u>
Total assets	<u>\$ 7,822,230</u>	<u>\$ 2,445,344</u>	<u>\$ 2,123,905</u>	<u>\$ 1,954,045</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 160,166	\$ -	\$ 240	\$ 721,130
Accrued liabilities	258,806	-	-	-
Deposits	45,786	-	-	-
Due to other governments	70	-	-	-
Due to other funds	41,336	-	-	-
Advances from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>506,164</u>	<u>-</u>	<u>240</u>	<u>721,130</u>
<b>Deferred Inflows of Resources</b>				
Unearned revenues	4,273,454	1,503,000	930,641	90,493
Unavailable revenues	34,750	-	-	-
	<u>4,308,204</u>	<u>1,503,000</u>	<u>930,641</u>	<u>90,493</u>
Total deferred inflows of resources	<u>4,308,204</u>	<u>1,503,000</u>	<u>930,641</u>	<u>90,493</u>
<b>Fund Balance (Deficit)</b>				
Nonspendable	62,625	-	-	-
Restricted	-	942,344	1,193,024	269,555
Committed	35,128	-	-	-
Assigned	503,181	-	-	872,867
Unassigned (deficit)	2,406,928	-	-	-
	<u>3,007,862</u>	<u>942,344</u>	<u>1,193,024</u>	<u>1,142,422</u>
Total fund balances	<u>3,007,862</u>	<u>942,344</u>	<u>1,193,024</u>	<u>1,142,422</u>
Total liabilities and fund balance	<u>\$ 7,822,230</u>	<u>\$ 2,445,344</u>	<u>\$ 2,123,905</u>	<u>\$ 1,954,045</u>

See notes to financial statements

---

<b>Nonmajor Governmental Funds</b>	<b>Total</b>
\$ 824,958	\$ 6,867,549
690,198	690,198
1,377,237	8,127,621
-	1,210
25,808	308,597
-	1,371
250,486	250,486
-	270,345
-	60,044
-	936,790
<u>\$ 3,168,687</u>	<u>\$ 17,514,211</u>

\$ 35,045	\$ 916,581
-	258,806
-	45,786
-	70
-	41,336
936,790	936,790

<u>971,835</u>	<u>2,199,369</u>
----------------	------------------

1,379,535	8,177,123
-	34,750

<u>1,379,535</u>	<u>8,211,873</u>
------------------	------------------

-	62,625
1,102,408	3,507,331
486,868	521,996
-	1,376,048
(771,959)	1,634,969

<u>817,317</u>	<u>7,102,969</u>
----------------	------------------

<u>\$ 3,168,687</u>	<u>\$ 17,514,211</u>
---------------------	----------------------

## Village of McFarland

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2020

**Total Fund Balances, Governmental Funds** \$ 7,102,969

Amounts Reported for Governmental Activities in the Statement of Net Position are  
Different Because:

Capital assets used in governmental funds are not financial resources and therefore  
are not reported in the funds.

Land	14,832,451
Construction in progress	2,050,508
Other capital assets	50,238,512
Less accumulated depreciation	(19,547,008)

Assets held for resale are not reported in funds. 781,320

Some receivables that are not currently available are reported as unavailable  
revenues in the fund financial statements but are recognized as revenue when  
earned in the government-wide statements. 34,750

The net pension asset does not relate to current financial resources and is not  
reported in the governmental funds. 828,531

Deferred outflows of resources related to pensions do not relate to current financial  
resources and are not reported in the governmental funds. 1,968,828

Deferred inflows of resources related to pensions do not relate to current financial  
resources and are not reported in the governmental funds. (2,498,469)

Some liabilities, including long-term debt, are not due and payable in the current  
period and, therefore, are not reported in the funds.

Bonds and notes payable	(14,800,000)
Compensated absences	(735,963)
Accrued interest	(61,203)
Capital lease payable	(139,568)
Unamortized premium on bonds and notes	<u>(294,056)</u>

**Net Position of Governmental Activities** \$ 39,761,602



## Village of McFarland

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended December 31, 2020

	<u>General</u>	<u>General Debt Service</u>	<u>TIF No. 3 Capital Project</u>	<u>Capital Equipment and Projects</u>
<b>Revenues</b>				
Taxes	\$ 3,944,335	\$ 1,449,500	\$ 857,962	\$ 320,000
Intergovernmental	939,229	-	52,943	9,630
Licenses and permits	407,275	-	-	-
Fines, forfeitures and penalties	69,708	-	-	-
Public charges for services	337,015	78,042	-	-
Intergovernmental charges for services	283,803	-	-	-
Investment income	38,554	12,165	10,154	11,202
Miscellaneous revenues	159,126	-	-	-
	<u>6,179,045</u>	<u>1,539,707</u>	<u>921,059</u>	<u>340,832</u>
<b>Expenditures</b>				
Current:				
General government	905,875	-	53,611	-
Public safety	3,567,792	-	-	-
Health and social services	244,522	-	-	-
Public works	819,388	-	-	-
Leisure activities	366,293	-	-	-
Conservation and development	255,147	-	813,609	-
Capital Outlay	-	-	-	4,648,066
Debt Service:				
Principal retirement	-	1,440,000	270,000	43,239
Other interest and fiscal charges	-	329,964	54,056	-
	<u>6,159,017</u>	<u>1,769,964</u>	<u>1,191,276</u>	<u>4,691,305</u>
Excess (deficiency) of revenues over expenditures	<u>20,028</u>	<u>(230,257)</u>	<u>(270,217)</u>	<u>(4,350,473)</u>
<b>Other Financing Sources (Uses)</b>				
Debt issued	-	-	-	3,900,000
Capital leases issued	-	-	-	175,337
Debt premium	-	150,358	-	-
Transfers in	310,595	122,137	-	371,439
Transfers out	(197,137)	-	(217,841)	-
	<u>113,458</u>	<u>272,495</u>	<u>(217,841)</u>	<u>4,446,776</u>
Total other financing sources (uses)	<u>113,458</u>	<u>272,495</u>	<u>(217,841)</u>	<u>4,446,776</u>
Net change in fund balances	133,486	42,238	(488,058)	96,303
<b>Fund Balances, Beginning</b>	<u>2,874,376</u>	<u>900,106</u>	<u>1,681,082</u>	<u>1,046,119</u>
<b>Fund Balances, Ending</b>	<u><u>\$ 3,007,862</u></u>	<u><u>\$ 942,344</u></u>	<u><u>\$ 1,193,024</u></u>	<u><u>\$ 1,142,422</u></u>

See notes to financial statements

<b>Nonmajor Governmental Funds</b>		<b>Total</b>	
\$	880,593	\$	7,452,390
	682,831		1,684,633
	97,286		504,561
	-		69,708
	886,345		1,301,402
	-		283,803
	12,209		84,284
	<u>18,240</u>		<u>177,366</u>
	<u>2,577,504</u>		<u>11,558,147</u>
	71,292		1,030,778
	6,404		3,574,196
	-		244,522
	545,281		1,364,669
	1,085,573		1,451,866
	741,085		1,809,841
	51,917		4,699,983
	30,000		1,783,239
	<u>38,925</u>		<u>422,945</u>
	<u>2,570,477</u>		<u>16,382,039</u>
	<u>7,027</u>		<u>(4,823,892)</u>
	-		3,900,000
	-		175,337
	-		150,358
	217,841		1,022,012
	<u>(336,689)</u>		<u>(751,667)</u>
	<u>(118,848)</u>		<u>4,496,040</u>
	(111,821)		(327,852)
	<u>929,138</u>		<u>7,430,821</u>
\$	<u>817,317</u>	\$	<u>7,102,969</u>

See notes to financial statements

## Village of McFarland

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2020

**Net Change in Fund Balances, Total Governmental Funds** \$ (327,852)

Amounts Reported for Governmental Activities in the Statement of Activities are Different  
Because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	4,699,983
Some items reported as capital outlay in the fund financial statements were not capitalized on the government wide statements	(568,223)
Depreciation is reported in the government-wide financial statements	(1,749,362)
Net book value of assets retired	(76,865)

Contributed capital assets are reported as revenues in the government-wide financial statements.	140,980
--	---------

Land held for resale is reported as an expenditure in the governmental funds when purchased and revenue when sold. However, in the statement of net position, these assets are capitalized at the lower of cost or market and held until the time of sale.	475,000
--	---------

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(238)
---	-------

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(3,900,000)
Capital leases issued	(175,337)
Principal repaid, debt	1,740,000
Principal repaid, capital leases	43,239
Principal forgiven, capital leases	45,637

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt premium	(150,358)
Amortization of premium	28,526

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

Compensated absences	(148,160)
Accrued interest on debt	(9,211)
Net pension asset	1,690,153
Deferred outflows of resources related to pensions	(356,677)
Deferred inflows of resources related to pensions	(1,322,085)

**Change in Net Position of Governmental Activities** \$ 79,150

## Village of McFarland

Statement of Net Position  
Proprietary Funds  
December 31, 2020

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water and Sewer Utility</b>	<b>Storm Water Utility</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and investments	\$ 2,650,474	\$ 892,824	\$ 3,543,298
Receivables:			
Accounts	279,567	72,444	352,011
Other	-	1,441	1,441
Due from municipality	41,336	-	41,336
Materials and supplies	<u>19,450</u>	<u>-</u>	<u>19,450</u>
Total current assets	<u>2,990,827</u>	<u>966,709</u>	<u>3,957,536</u>
Noncurrent assets:			
Restricted assets:			
Replacement account	486,971	-	486,971
Impact fee account	32,266	-	32,266
Net pension asset	55,144	22,190	77,334
Capital assets:			
Property and equipment	24,543,985	5,754,481	30,298,466
Land	165,570	160,275	325,845
Less accumulated depreciation	(7,676,812)	(2,074,296)	(9,751,108)
Other assets:			
Water tower reserve	524,741	-	524,741
Depreciation reserve	79,179	-	79,179
Special assessment receivable	36,109	-	36,109
Property held for future use	<u>224,112</u>	<u>-</u>	<u>224,112</u>
Total noncurrent assets	<u>18,471,265</u>	<u>3,862,650</u>	<u>22,333,915</u>
Total assets	<u>21,462,092</u>	<u>4,829,359</u>	<u>26,291,451</u>
<b>Deferred Outflows of Resources</b>			
Pension-related amounts	<u>137,064</u>	<u>53,919</u>	<u>190,983</u>
Total deferred outflows of resources	<u>137,064</u>	<u>53,919</u>	<u>190,983</u>

See notes to financial statements

# Village of McFarland

Statement of Net Position  
Proprietary Funds  
December 31, 2020

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water and Sewer Utility</b>	<b>Storm Water Utility</b>	<b>Total</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	\$ 205,349	\$ 35,691	\$ 241,040
Customer deposits	5,000	-	5,000
Due to municipality	270,345	-	270,345
Accrued interest	6,471	2,116	8,587
Compensated absences	10,199	3,839	14,038
Current portion of lease	4,663	2,332	6,995
Current portion of general obligation debt	565,000	160,000	725,000
Total current liabilities	<u>1,067,027</u>	<u>203,978</u>	<u>1,271,005</u>
Noncurrent Liabilities:			
Long-term debt			
General obligation debt	2,675,000	200,000	2,875,000
Unamortized debt premium	70,870	1,394	72,264
Other liabilities:			
Compensated absences	50,653	12,449	63,102
Lease obligation	44,755	22,377	67,132
Total noncurrent liabilities	<u>2,841,278</u>	<u>236,220</u>	<u>3,077,498</u>
Total liabilities	<u>3,908,305</u>	<u>440,198</u>	<u>4,348,503</u>
<b>Deferred Inflows of Resources</b>			
Pension-related amounts	<u>155,171</u>	<u>62,860</u>	<u>218,031</u>
Total deferred inflows of resources	<u>155,171</u>	<u>62,860</u>	<u>218,031</u>
<b>Net Position</b>			
Net investment in capital assets	13,672,456	3,454,356	17,126,812
Restricted for			
Equipment replacement	486,971	-	486,971
Impact fees	32,266	-	32,266
Pension	55,144	22,190	77,334
Unrestricted net position	<u>3,288,843</u>	<u>903,674</u>	<u>4,192,517</u>
Total net position	<u>\$ 17,535,680</u>	<u>\$ 4,380,220</u>	<u>\$ 21,915,900</u>

See notes to financial statements

## Village of McFarland

### Statement of Revenues, Expenses and Changes in Net Position

#### Proprietary Funds

Year Ended December 31, 2020

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water and Sewer Utility</b>	<b>Storm Water Utility</b>	<b>Total</b>
<b>Operating Revenues</b>			
Water	\$ 1,192,684	\$ -	\$ 1,192,684
Sewer	1,282,517	-	1,282,517
Storm water	-	552,182	552,182
Total operating revenues	<u>2,475,201</u>	<u>552,182</u>	<u>3,027,383</u>
<b>Operating Expenses</b>			
Operation and maintenance	1,951,539	393,619	2,345,158
Depreciation	496,469	141,874	638,343
Total operating expenses	<u>2,448,008</u>	<u>535,493</u>	<u>2,983,501</u>
Operating income	<u>27,193</u>	<u>16,689</u>	<u>43,882</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest on investments	21,590	5,365	26,955
Interest expense	(72,244)	(11,100)	(83,344)
Debt issuance cost	(10,235)	-	(10,235)
Miscellaneous revenues	3,801	14,973	18,774
Amortization of debt premium	14,982	1,071	16,053
Gain on sale of equipment	10,891	1,898	12,789
Total nonoperating revenues (expenses)	<u>(31,215)</u>	<u>12,207</u>	<u>(19,008)</u>
Income (loss) before contributions and transfers	<u>(4,022)</u>	<u>28,896</u>	<u>24,874</u>
<b>Contributions and Transfers</b>			
Capital contributions	443,819	39,510	483,329
Transfers out, tax equivalents	(270,345)	-	(270,345)
Total contributions and transfers	<u>173,474</u>	<u>39,510</u>	<u>212,984</u>
Change in net position	169,452	68,406	237,858
<b>Net Position, Beginning</b>	<u>17,366,228</u>	<u>4,311,814</u>	<u>21,678,042</u>
<b>Net Position, Ending</b>	<u>\$ 17,535,680</u>	<u>\$ 4,380,220</u>	<u>\$ 21,915,900</u>

See notes to financial statements

## Village of McFarland

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water and Sewer Utility</b>	<b>Storm Water Utility</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Received from customers	\$ 2,133,970	\$ 566,172	\$ 2,700,142
Received from village for services	325,250	-	325,250
Paid to suppliers for goods and services	(1,829,662)	(235,201)	(2,064,863)
Paid to employees for services	<u>(127,155)</u>	<u>(127,155)</u>	<u>(254,310)</u>
Net cash flows from operating activities	<u>502,403</u>	<u>203,816</u>	<u>706,219</u>
<b>Cash Flows From Investing Activities</b>			
Investment income	<u>21,590</u>	<u>5,365</u>	<u>26,955</u>
Net cash flows from investing activities	<u>21,590</u>	<u>5,365</u>	<u>26,955</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Paid to municipality for tax equivalent	<u>(262,660)</u>	<u>-</u>	<u>(262,660)</u>
Net cash flows from noncapital financing activities	<u>(262,660)</u>	<u>-</u>	<u>(262,660)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Debt retired	(450,405)	(172,702)	(623,107)
Interest paid	(72,244)	(11,100)	(83,344)
Net premium and issuance costs	14,750	-	14,750
Proceeds from debt issue	694,418	24,709	719,127
Acquisition and construction of capital assets	(1,068,543)	(181,480)	(1,250,023)
Capital contributions received	<u>253,699</u>	<u>18,808</u>	<u>272,507</u>
Net cash flows from capital and related financing activities	<u>(628,325)</u>	<u>(321,765)</u>	<u>(950,090)</u>
Net change in cash and cash equivalents	(366,992)	(112,584)	(479,576)
<b>Cash and Cash Equivalents, Beginning</b>	<u>4,140,623</u>	<u>1,005,408</u>	<u>5,146,031</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 3,773,631</u>	<u>\$ 892,824</u>	<u>\$ 4,666,455</u>

See notes to financial statements

## Village of McFarland

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water and Sewer Utility</b>	<b>Storm Water Utility</b>	<b>Total</b>
<b>Reconciliation of Operating Income to Net Cash Flows</b>			
<b>From Operating Activities</b>			
Operating income	\$ 27,193	\$ 16,689	\$ 43,882
Nonoperating revenue	3,801	14,973	18,774
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	496,469	141,874	638,343
Depreciation charged to other funds	21,960	-	21,960
Changes in assets and liabilities:			
Accounts receivable	(43,138)	458	(42,680)
Other receivables	-	(1,441)	(1,441)
Accrued wages	-	1,144	1,144
Other current liabilities	-	4,138	4,138
Compensated absences	7,191	-	7,191
Due from municipality	1,396	-	1,396
Pension-related amounts	4,189	(2,791)	1,398
Accounts payable	<u>(16,658)</u>	<u>28,772</u>	<u>12,114</u>
Net cash flows from operating activities	<u>\$ 502,403</u>	<u>\$ 203,816</u>	<u>\$ 706,219</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds</b>			
Cash and investments	\$ 2,650,474	\$ 892,824	\$ 3,543,298
Restricted cash and investments	-	-	-
Replacement account	486,971	-	486,971
Impact fee account	32,266	-	32,266
Water tower reserve	524,741	-	524,741
Depreciation reserve	<u>79,179</u>	<u>-</u>	<u>79,179</u>
Cash and cash equivalents	<u>\$ 3,773,631</u>	<u>\$ 892,824</u>	<u>\$ 4,666,455</u>
<b>Noncash Capital and Related Financing Activities</b>			
Amortization of debt premium	<u>\$ 14,982</u>	<u>\$ 1,071</u>	
Gain on sale of asset	<u>\$ 10,891</u>	<u>\$ -</u>	
Developer financed additions to plant	<u>\$ 190,120</u>	<u>\$ 20,702</u>	

See notes to financial statements



# Village of McFarland

Statement of Fiduciary Net Position

Custodial Fund

December 31, 2020

	<u>Custodial Fund Tax Collection Fund</u>
<b>Assets</b>	
Cash and investments	\$ 9,746,553
Taxes	<u>6,090,482</u>
Total assets	<u>15,837,035</u>
<b>Liabilities</b>	
Due to other governments	<u>15,837,035</u>
Total liabilities	<u>15,837,035</u>
<b>Net Position</b>	
Total net position	<u>\$ -</u>

See notes to financial statements

## Village of McFarland

Statement of Changes in Fiduciary Net Position

Custodial Fund

Year Ended December 31, 2020

	<u>Custodial Fund Tax Collection Fund</u>
<b>Additions</b>	
Property taxes collected for other governments	\$ 11,274,823
Total additions	<u>11,274,823</u>
<b>Deductions</b>	
Property taxes distributed to other governments	<u>11,274,823</u>
Total deductions	<u>11,274,823</u>
Change in fiduciary net position	-
<b>Net Position, Beginning</b>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ -</u></u>

See notes to financial statements

# Village of McFarland

Index to Notes to Financial Statements

December 31, 2020

	<u>Page</u>
<b>1. Summary of Significant Accounting Policies</b>	<b>18</b>
Reporting Entity	18
Government-Wide and Fund Financial Statements	18
Measurement Focus, Basis of Accounting and Financial Statement Presentation	20
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	21
Deposits and Investments	21
Receivables	22
Inventories and Prepaid Items	23
Restricted Assets	23
Capital Assets	23
Other Assets	24
Deferred Outflows of Resources	24
Compensated Absences	24
Long-Term Obligations	25
Deferred Inflows of Resources	25
Equity Classifications	25
Pension	26
Basis for Existing Rates	27
Assets Held for Resale	27
<b>2. Stewardship, Compliance and Accountability</b>	<b>27</b>
Excess Expenditures Over Appropriations	27
Deficit Balances	27
Limitations on the Village's Tax Levy	28
<b>3. Detailed Notes on All Funds</b>	<b>28</b>
Deposits and Investments	28
Receivables	29
Restricted Assets	29
Capital Assets	30
Interfund Receivables/Payables, Advances and Transfers	33
Long-Term Obligations	36
Lease Disclosures	38
Net Position/Fund Balances	38
<b>4. Other Information</b>	<b>40</b>
Employees' Retirement System	40
Risk Management	45
Commitments and Contingencies	45
Subsequent Events	45
Tax Abatement	46
Effect of New Accounting Standards on Current-Period Financial Statements	47

# Village of McFarland

---

Notes to Financial Statements  
December 31, 2020

## 1. Summary of Significant Accounting Policies

The accounting policies of the Village of McFarland, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Village has not identified any organizations that meet this criteria.

### Government-Wide and Fund Financial Statements

#### Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

#### Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. 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, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

# Village of McFarland

---

Notes to Financial Statements  
December 31, 2020

- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

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

The Village reports the following major governmental funds:

## **General Fund**

General Fund accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

## **Debt Service Fund**

General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest and related costs, other than TIF or enterprise debt.

## **Capital Projects Funds**

TIF No. 3 Capital Project Fund is used to account for expenditures outlined in the Tax Incremental Financing (TIF) District project plan and related revenues and proceeds from long-term borrowing.

Capital Equipment and Projects Fund is used to account for financial resources to be used for the acquisition or construction of equipment and/or major facilities.

## **Enterprise Funds**

The Village reports the following major enterprise funds:

Water and Sewer Utility accounts for operations of the water and sewer system

Storm Water Utility accounts for operations of the storm water system

The Village reports the following nonmajor governmental funds:

## **Special Revenue Funds**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Cable  
Parks  
Youth Center  
Canine

Library  
Solid Waste  
Employee Retirement

# Village of McFarland

---

Notes to Financial Statements  
December 31, 2020

## Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

TIF No. 4

TIF No. 5

In addition, the Village reports the following fund type:

## Custodial Fund

Custodial Fund is used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

## Measurement Focus, Basis of Accounting and Financial Statement Presentation

### Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water, sewer and storm water and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

---

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

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

## **Proprietary and Fiduciary Funds**

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utility and storm water utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **All Financial Statements**

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

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

### **Deposits and Investments**

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.

## Village of McFarland

---

Notes to Financial Statements  
December 31, 2020

- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Village has adopted an investment policy. As described in Note 3, the Village is exposed to the following deposit and investment risks: custodial credit risk and credit risk. The Village's investment policy addresses each of these risks in the following manner:

**Custodial Credit Risk** - The Village's investment policy addresses custodial credit risk by limiting all checking, savings, certificates of deposit, money market and overnight sweeps to be covered by FDIC, state guarantee fund, other insurance agreements, or are fully collateralized. Refer to Note 3 for compliance.

**Credit Risk** - The Village's investment policy addresses credit risk by limiting investments to state statute allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3. for further information.

### Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.



# Village of McFarland

Notes to Financial Statements  
December 31, 2020

---

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer and storm water utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

## **Inventories and Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

## **Capital Assets**

### **Government-Wide Statements**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and \$10,000 for infrastructure assets and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	40-85 Years
Land Improvements	15-40 Years
Machinery and Equipment	4-35 Years
Utility System	4-100 Years
Infrastructure	30-50 Years
Vehicles	4-35 Years
Library Improvements and Collection	10-20 Years
Intangibles	10-20 Years

## Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

## Other Assets

Other assets in the proprietary funds represent preliminary survey and investigation, property held for future use, cash and a long-term receivable.

## Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

## Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020, are determined on the basis of current salary rates and include salary related payments.

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

## Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

## Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

## Equity Classifications

### Government-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/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on their 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 positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets" and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 34,100,994	\$ 17,126,812	\$ (495,600)	\$ 50,732,206
Unrestricted	1,655,504	4,192,517	495,600	6,343,621

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

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

---

## Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances with constraints placed on their 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. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. *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 balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 20 percent of the subsequent years budgeted general fund expenditures, with a targeted maximum of 25 percent. The balance at year end was \$2,406,928 or 37 percent and is included in unassigned general fund balance.

See Note 3. for further information.

## Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions and 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 benefit terms. Investments are reported at fair value.

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

## Basis for Existing Rates

### Water

Current water rates became effective on November 13, 2019. The authorized rate of return is 7.25 percent.

### Sewer

Current sewer rates were approved by the Village board on February 19, 2020 and implemented on August 5, 2020.

### Storm Water

Current storm water utility rates were approved by the Village board on December 28, 2015 and implemented on January 1, 2016.

## Assets Held for Resale

Land held for resale consists of land and land improvements and is valued at cost of acquisition, demolition and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at lower of cost or market value.

## 2. Stewardship, Compliance and Accountability

### Excess Expenditures Over Appropriations

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General debt service	\$ 1,707,500	\$ 1,769,964	\$ 62,464
TIF No. 4 capital project	122,000	211,027	89,027
TIF No. 5 capital project	363,250	659,378	296,128
Library	904,000	925,320	21,320

The Village controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

### Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2020, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF No. 4 capital project	\$ 232,876	Excess expenditures over appropriations
TIF No. 5 capital project	539,083	Excess expenditures over appropriations

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995 and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

## Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## 3. Detailed Notes on All Funds

### Deposits and Investments

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The Village's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 12,769,181	\$ 12,597,128	Custodial credit risk
LGIP	9,201,127	9,183,076	Credit risk
Petty cash	447	-	N/A
Total deposits and investments	<u>\$ 21,970,755</u>	<u>\$ 21,780,204</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 11,014,767		
Restricted cash and investments	1,209,435		
Per statement of fiduciary net position			
custodial fund			
Tax collection fund	<u>9,746,553</u>		
Total deposits and investments	<u>\$ 21,970,755</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

The Village maintains collateral agreements with its banks. At December 31, 2020, the banks had pledged various government securities in the amount of \$12,000,000 to secure the Village's deposits.

## Custodial Credit Risk

### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

The Village does not have any deposits exposed to custodial credit risk.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1. for further information on deposit and investment policies.

## Receivables

All receivable balances are expected to be collected within one year with the exception of: delinquent property taxes (\$1,210), delinquent special assessments (\$1,371) and loans receivable (\$250,486). Receivables in the general fund are reported net of uncollectible ambulance receivables in the amount of \$37,916.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 8,084,332	\$ -
Accounts receivable	-	34,750
Loans not yet due	2,298	-
Developer payments	<u>90,493</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 8,177,123</u>	<u>\$ 34,750</u>

## Restricted Assets

The following represent the balances of the restricted assets:

### Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

## Village of McFarland

Notes to Financial Statements  
December 31, 2020

### Impact Fee Account

The Village has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

### Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2020:

	<u>Restricted Assets</u>
Replacement account	\$ 486,971
Impact fee account	722,464
Net pension asset	<u>905,865</u>
Total	<u>\$ 2,115,300</u>

### Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated/ amortized:				
Land	\$ 14,771,751	\$ 354,325	\$ 293,625	\$ 14,832,451
Construction in progress	<u>495,333</u>	<u>2,146,642</u>	<u>591,467</u>	<u>2,050,508</u>
Total capital assets not being depreciated / amortized	<u>15,267,084</u>	<u>2,500,967</u>	<u>885,092</u>	<u>16,882,959</u>
Capital assets being depreciated / amortized:				
Land improvements	1,520,560	152,537	-	1,673,097
Buildings	11,696,085	982,177	-	12,678,262
Machinery and equipment	2,632,182	192,156	120,013	2,704,325
Streets	22,044,167	691,367	298,866	22,436,668
Sidewalks	4,641,200	41,080	-	4,682,280
Vehicles	4,219,950	483,820	166,696	4,537,074
Library improvements and collection	1,296,953	113,728	8,149	1,402,532
Intangibles	<u>124,274</u>	<u>-</u>	<u>-</u>	<u>124,274</u>
Total capital assets being depreciated / amortized	<u>48,175,371</u>	<u>2,656,865</u>	<u>593,724</u>	<u>50,238,512</u>
Total capital assets	<u>63,442,455</u>	<u>5,157,832</u>	<u>1,478,816</u>	<u>67,121,471</u>



# Village of McFarland

Notes to Financial Statements  
December 31, 2020

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Less accumulated depreciation/ amortization for:				
Land improvements	\$ (448,193)	\$ (64,972)	\$ -	\$ (513,165)
Buildings	(2,160,846)	(163,066)	-	(2,323,912)
Machinery and equipment	(948,682)	(185,711)	66,069	(1,068,324)
Streets	(8,741,038)	(747,889)	298,866	(9,190,061)
Sidewalks	(3,257,129)	(156,076)	-	(3,413,205)
Vehicles	(2,016,666)	(328,775)	143,775	(2,201,666)
Library improvements and collection	(711,545)	(87,515)	8,149	(790,911)
Intangibles	<u>(30,406)</u>	<u>(15,358)</u>	<u>-</u>	<u>(45,764)</u>
Total accumulated depreciation / amortization	<u>(18,314,505)</u>	<u>(1,749,362)</u>	<u>516,859</u>	<u>(19,547,008)</u>
Net capital assets being depreciated / amortized	<u>29,860,866</u>	<u>907,503</u>	<u>76,865</u>	<u>30,691,504</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 45,127,950</u>	<u>\$ 3,408,470</u>	<u>\$ 961,957</u>	<u>\$ 47,574,463</u>

Depreciation/amortization expense was charged to functions as follows:

### Governmental Activities

General government	\$ 127,337
Public safety	327,652
Public works, which includes the depreciation of infrastructure	1,033,817
Leisure activities	<u>260,556</u>

Total governmental activities depreciation / amortization expense \$ 1,749,362

### Business-Type Activities

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Water</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 87,550	\$ -	\$ -	\$ 87,550
Total capital assets not being depreciated / amortized	<u>87,550</u>	<u>-</u>	<u>-</u>	<u>87,550</u>
Capital assets being depreciated:				
Source of supply	211,239	-	-	211,239
Pumping	357,710	-	-	357,710
Water treatment	4,498	-	-	4,498
Transmission and distribution	15,052,691	1,105,978	63,523	16,095,146
General	<u>481,632</u>	<u>64,317</u>	<u>22,192</u>	<u>523,757</u>
Total capital assets being depreciated / amortized	<u>16,107,770</u>	<u>1,170,295</u>	<u>85,715</u>	<u>17,192,350</u>
Total capital assets	<u>16,195,320</u>	<u>1,170,295</u>	<u>85,715</u>	<u>17,279,900</u>

## Village of McFarland

Notes to Financial Statements  
December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Water	\$ (4,812,782)	\$ (203,139)	\$ (80,540)	\$ (5,096,461)
Total accumulated depreciation / amortization	<u>(4,812,782)</u>	<u>(203,139)</u>	<u>(80,540)</u>	<u>(5,096,461)</u>
Net capital assets being depreciated / amortized	<u>11,294,988</u>	<u>967,156</u>	<u>166,255</u>	<u>12,095,889</u>
Net water capital assets	<u>\$ 11,382,538</u>	<u>\$ 967,156</u>	<u>\$ 166,255</u>	<u>\$ 12,183,439</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Sewer</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 78,020	\$ -	\$ -	\$ 78,020
Total capital assets not being depreciated / amortized	<u>78,020</u>	<u>-</u>	<u>-</u>	<u>78,020</u>
Capital assets being depreciated:				
Collecting system	5,825,530	54,475	-	5,880,005
Collecting system pumping	1,043,088	-	-	1,043,088
General	<u>386,417</u>	<u>64,317</u>	<u>22,192</u>	<u>428,542</u>
Total capital assets being depreciated / amortized	<u>7,255,035</u>	<u>118,792</u>	<u>22,192</u>	<u>7,351,635</u>
Total capital assets	<u>7,333,055</u>	<u>118,792</u>	<u>22,192</u>	<u>7,429,655</u>
Less accumulated depreciation for				
Collecting system pumping	\$ (102,137)	\$ -	\$ -	\$ (102,137)
Sewer	<u>(2,331,838)</u>	<u>(168,568)</u>	<u>22,192</u>	<u>(2,478,214)</u>
Total accumulated depreciation / amortization	<u>(2,433,975)</u>	<u>(168,568)</u>	<u>22,192</u>	<u>(2,580,351)</u>
Net capital assets being depreciated / amortized	<u>4,821,060</u>	<u>(49,776)</u>	<u>-</u>	<u>4,771,284</u>
Net sewer capital assets	<u>\$ 4,899,080</u>	<u>\$ (49,776)</u>	<u>\$ -</u>	<u>\$ 4,849,304</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Storm Water</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 160,275	\$ -	\$ -	\$ 160,275
Total capital assets not being depreciated / amortized	<u>160,275</u>	<u>-</u>	<u>-</u>	<u>160,275</u>
Capital assets being depreciated:				
Storm water	<u>5,559,278</u>	<u>217,395</u>	<u>22,192</u>	<u>5,754,481</u>
Total capital assets being depreciated / amortized	<u>5,559,278</u>	<u>217,395</u>	<u>22,192</u>	<u>5,754,481</u>
Total capital assets	<u>5,719,553</u>	<u>217,395</u>	<u>22,192</u>	<u>5,914,756</u>

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Storm water	\$ (1,941,299)	\$ (155,189)	\$ 22,192	\$ (2,074,296)
Total accumulated depreciation / amortization	<u>(1,941,299)</u>	<u>(155,189)</u>	<u>22,192</u>	<u>(2,074,296)</u>
Net capital assets being depreciated / amortized	<u>3,617,979</u>	<u>62,206</u>	<u>-</u>	<u>3,680,185</u>
Net storm water capital assets	<u>\$ 3,778,254</u>	<u>\$ 62,206</u>	<u>\$ -</u>	<u>\$ 3,840,460</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 20,059,872</u>	<u>\$ 979,586</u>	<u>\$ 166,255</u>	<u>\$ 20,873,203</u>

Depreciation/amortization expense was charged to functions as follows:

### Business-Type Activities

Water	\$ 336,778
Sewer	159,691
Storm water	<u>141,874</u>
Total business-type activities depreciation expense	<u>\$ 638,343</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

## Interfund Receivables/Payables, Advances and Transfers

### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and sewer utility	General fund	\$ 41,336
General fund	Water and sewer utility	<u>270,345</u>
Total, fund financial statements		311,681
Less government-wide eliminations		<u>(82,672)</u>
Total internal balances, government-wide statement of net position		<u>\$ 229,009</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 270,345
Business-type activities	Governmental activities	<u>(41,336)</u>
Total government-wide financial statements		<u>\$ 229,009</u>

All amounts are due within one year.

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

The principal purpose of this interfund is for utility items placed on the tax roll and the tax equivalent.

## Advances

TIF No. 3 capital project fund is advancing funds to TIF No. 4 capital project fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing uses. TIF No. 3 capital project fund is charging interest on the 2017 advance based on the average outstanding advance balance during the year at a floating interest rate. The interest rate charged during 2020 was 0.45 percent. A repayment schedule was established in 2017 for a portion of the advance. An additional amount (\$43,763) was advanced in 2018 to replenish a cash deficit balance in TIF No. 4 capital project fund. No repayment schedule has been established for this advance.

TIF No. 3 capital project fund is also advancing funds to TIF No. 5 capital project fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing uses. In 2020, \$350,000 was advanced to TIF No. 5 capital project fund, with zero percent interest charged on the outstanding balance. A repayment schedule has been established for this advance in 2020. An additional amount (\$189,083) was advanced in 2020 to replenish a cash deficit balance in TIF No. 5 capital project fund. No repayment schedule has been established for this advance.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
TIF No. 3 capital projects	TIF No. 4 capital projects	\$ 353,944	\$ 304,061
TIF No. 3 capital projects	TIF No. 4 capital projects	43,763	43,763
TIF No. 3 capital projects	TIF No. 5 capital projects	350,000	306,250
TIF No. 3 capital projects	TIF No. 5 capital projects	<u>189,083</u>	189,083
Total, fund financial statements		936,790	
Less fund eliminations		<u>(936,790)</u>	
Total, interfund advances, government-wide statement of net position		<u>\$ -</u>	

The principal purpose of these advances is to make up for excess expenditures over revenues.

<u>Years</u>	<b>Advance from TIF No. 3 to TIF No. 4</b>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 49,883	\$ 1,596
2022	50,108	1,371
2023	50,334	1,145
2024	50,561	918
2025	50,789	690
2026-2027	<u>102,269</u>	<u>693</u>
Total	<u>\$ 353,944</u>	<u>\$ 6,413</u>

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

<u>Years</u>	<u>Advance from TIF No. 3 to TIF No. 5 Principal</u>
2021	\$ 43,750
2022	43,750
2023	43,750
2024	43,750
2025	43,750
2026-2028	<u>131,250</u>
Total	<u>\$ 350,000</u>

## Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water and sewer utility	\$ 270,345	2020 Water PILOT
General fund	Youth center	40,250	Reimburse for youth center costs incurred by general fund
TIF #4	TIF #3	217,841	Transfer from donor district TIF #3 to donee district TIF #4 per amendment to project plan
Debt service fund	General fund	122,137	To transfer funds from developers
Capital equipment and projects	General fund	75,000	Reimburse capital costs incurred by capital project fund
Capital equipment and projects	Parks	<u>296,439</u>	Reimburse capital costs incurred for park facility project
Total, fund financial statements		1,022,012	
Less fund eliminations		<u>(751,667)</u>	
Total transfers, government-wide statement of activities		<u>\$ 270,345</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 12,640,000	\$ 3,900,000	\$ 1,740,000	\$ 14,800,000	\$ 1,820,000
(Discounts)/Premiums:	<u>172,224</u>	<u>150,358</u>	<u>28,526</u>	<u>294,056</u>	<u>36,509</u>
Subtotal	<u>12,812,224</u>	<u>4,050,358</u>	<u>1,768,526</u>	<u>15,094,056</u>	<u>1,856,509</u>
Other liabilities:					
Vested compensated absences	587,803	197,225	49,065	735,963	108,021
Capital leases	<u>53,107</u>	<u>175,337</u>	<u>88,876</u>	<u>139,568</u>	<u>38,739</u>
Total other liabilities	<u>640,910</u>	<u>372,562</u>	<u>137,941</u>	<u>875,531</u>	<u>146,760</u>
Total governmental activities long-term liabilities	<u>\$ 13,453,134</u>	<u>\$ 4,422,920</u>	<u>\$ 1,906,467</u>	<u>\$ 15,969,587</u>	<u>\$ 2,003,269</u>
<b>Business-Type Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 3,525,000	\$ 645,000	\$ 570,000	\$ 3,600,000	\$ 725,000
(Discounts)/Premiums:	<u>63,332</u>	<u>24,985</u>	<u>16,053</u>	<u>72,264</u>	<u>-</u>
Subtotal	<u>3,588,332</u>	<u>669,985</u>	<u>586,053</u>	<u>3,672,264</u>	<u>725,000</u>
Other liabilities:					
Vested compensated absences	61,706	25,367	9,933	77,140	14,038
Capital leases	<u>53,107</u>	<u>74,127</u>	<u>53,107</u>	<u>74,127</u>	<u>6,995</u>
Total other liabilities	<u>114,813</u>	<u>99,494</u>	<u>63,040</u>	<u>151,267</u>	<u>21,033</u>
Total business-type activities long-term liabilities	<u>\$ 3,703,145</u>	<u>\$ 769,479</u>	<u>\$ 649,093</u>	<u>\$ 3,823,531</u>	<u>\$ 746,033</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5 percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2020, was \$56,364,035. Total general obligation debt outstanding at year end was \$18,400,000.

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

## General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

<u>Governmental Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2020</u>
G.O. refunding bonds	12/15/08	12/01/23	4.50-4.875%	\$ 1,415,000	\$ 885,000
G.O. promissory notes	06/23/15	12/01/24	1.75-2.15%	2,460,000	1,425,000
G.O. promissory notes	07/20/17	12/01/26	2.00-2.25%	3,620,000	2,930,000
G.O. promissory note	06/21/18	12/01/27	3.00%	3,550,000	3,205,000
G.O. promissory note	07/22/19	12/01/28	2.00-3.00%	1,690,000	1,460,000
G.O. refunding bonds	07/22/19	04/01/38	2.10-3.05%	995,000	995,000
G.O. promissory note	06/22/20	12/01/29	1.50-2.00%	3,900,000	<u>3,900,000</u>
Total governmental activities, general obligation debt					<u>\$ 14,800,000</u>

<u>Business-Type Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2020</u>
G.O. promissory notes	12/01/11	09/01/21	2.00-2.50%	\$ 875,000	\$ 95,000
G.O. promissory notes	06/23/15	12/01/24	1.75-2.15%	2,995,000	1,570,000
G.O. promissory notes	07/20/17	12/01/25	2.00-2.25%	845,000	570,000
G.O. promissory note	07/22/19	12/01/28	2.00-3.00%	720,000	720,000
G.O. promissory note	06/22/20	12/01/29	1.50-2.00%	645,000	<u>645,000</u>
Total business-type activities, general obligation debt					<u>\$ 3,600,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,820,000	\$ 384,800	\$ 725,000	\$ 80,012
2022	1,865,000	308,873	645,000	60,543
2023	2,330,000	261,423	660,000	48,115
2024	1,390,000	212,397	690,000	35,264
2025	1,855,000	172,900	290,000	20,300
2026-2030	5,015,000	302,833	590,000	29,925
2031-2035	315,000	56,100	-	-
2036-2038	210,000	9,608	-	-
Total	<u>\$ 14,800,000</u>	<u>\$ 1,708,934</u>	<u>\$ 3,600,000</u>	<u>\$ 274,159</u>

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

## Other Debt Information

Estimated payments of compensated absences and the lease payable are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

See Note 4. for the net pension liability (asset) information.

## Lease Disclosures

### Lessee, Capital Leases

In 2020 the Village acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$249,464, which are included in capital assets in the governmental and business-type activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2020, are as follows:

<u>Years</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 38,739	\$ 6,146	\$ 44,885	\$ 6,995	\$ 2,121	\$ 9,116
2022	40,903	3,981	44,884	7,207	1,909	9,116
2023	<u>59,926</u>	<u>1,691</u>	<u>61,617</u>	<u>59,925</u>	<u>1,691</u>	<u>61,616</u>
Total	<u>\$ 139,568</u>	<u>\$ 11,818</u>	<u>\$ 151,386</u>	<u>\$ 74,127</u>	<u>\$ 5,721</u>	<u>\$ 79,848</u>

## Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

### Governmental Activities

Net investment in capital assets:

Land	\$ 14,832,451
Construction in progress	2,050,508
Other capital assets, net of accumulated depreciation/amortization	30,691,504
Less long-term debt outstanding	(13,743,024)
Plus unspent capital related debt proceeds	<u>269,555</u>
Total net investment in capital assets	<u>\$ 34,100,994</u>



# Village of McFarland

Notes to Financial Statements  
December 31, 2020

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	<u>General Fund</u>	<u>General Debt Service</u>	<u>TIF No. 3 Capital Projects</u>	<u>Capital Equipment Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Delinquent taxes and specials	\$ 2,581	\$ -	\$ -	\$ -	\$ -	\$ 2,581
Prepaid items	<u>60,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,044</u>
Subtotal	<u>62,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,625</u>
<b>Restricted for:</b>						
Debt service	-	942,344	-	-	-	942,344
TIF related purposes	-	-	1,193,024	-	-	1,193,024
Capital projects - unspent proceeds	-	-	-	269,555	-	269,555
Library purposes	-	-	-	-	177,709	177,709
Canine costs	-	-	-	-	45,603	45,603
Impact fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>879,096</u>	<u>879,096</u>
Subtotal	<u>-</u>	<u>942,344</u>	<u>1,193,024</u>	<u>269,555</u>	<u>1,102,408</u>	<u>3,507,331</u>
<b>Committed to:</b>						
Youth center	-	-	-	-	2,678	2,678
Employee retirement	-	-	-	-	177,811	177,811
EAB response/tree planting	35,128	-	-	-	-	35,128
Cable TV	-	-	-	-	95,038	95,038
Solid waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,341</u>	<u>211,341</u>
Subtotal	<u>35,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,868</u>	<u>521,996</u>
<b>Assigned to:</b>						
General capital projects	-	-	-	199,698	-	199,698
Subsequent years' budget	64,000	-	-	-	-	64,000
PILOT	270,345	-	-	-	-	270,345
Developer capital project deposits	103,228	-	-	-	-	103,228
Outreach	11,080	-	-	-	-	11,080
Vehicle replacement	8,102	-	-	66,546	-	74,648
Police grants	14,202	-	-	-	-	14,202
Police seizures	9,250	-	-	-	-	9,250
Act 102	22,974	-	-	-	-	22,974
Facilities	-	-	-	526,623	-	526,623
Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Subtotal	<u>503,181</u>	<u>-</u>	<u>-</u>	<u>872,867</u>	<u>-</u>	<u>1,376,048</u>
<b>Unassigned (deficit):</b>	<u>2,406,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(771,959)</u>	<u>1,634,969</u>
Total fund balances (deficit)	<u>\$ 3,007,862</u>	<u>\$ 942,344</u>	<u>\$ 1,193,024</u>	<u>\$ 1,142,422</u>	<u>\$ 817,317</u>	<u>\$ 7,102,969</u>

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

## Business-Type Activities

Net investment in capital assets:	
Land	\$ 325,845
Other capital assets, net of accumulated depreciation	20,547,358
Less Long-term debt outstanding	(3,674,127)
Less Unamortized debt premium	<u>(72,264)</u>
Total net investment in capital assets	<u>17,126,812</u>
Restricted:	
Equipment replacement	486,971
Impact fee	32,266
Pension	<u>77,334</u>
Total restricted	<u>596,571</u>
Unrestricted	<u>4,192,517</u>
Total business-type activities net position	<u>\$ 21,915,900</u>

## 4. Other Information

### Employees' Retirement System

#### 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 teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

#### Vesting

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

#### Benefits Provided

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

## Village of McFarland

Notes to Financial Statements  
December 31, 2020

Final average earnings is the average of the participant's three highest annual earnings period. 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 age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

### Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

## Village of McFarland

Notes to Financial Statements  
December 31, 2020

### Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 \$303,757 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

### Pension (asset)/liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Village reported an (asset)/liability of \$(905,865) for its proportionate share of the net pension (asset)/liability. The net pension (asset)/liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension (asset)/liability 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 Village's proportion of the net pension (asset)/liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.02809358 percent, which was an increase of 0.00148928 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$290,736.

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,719,539	\$ 860,514
Changes in assumptions	70,590	-
Net differences between projected and actual earnings on pension plan investments	-	1,851,911
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,599	4,075
Employer contributions subsequent to the measurement date	<u>361,083</u>	<u>-</u>
Total	<u>\$ 2,159,811</u>	<u>\$ 2,716,500</u>

## Village of McFarland

Notes to Financial Statements  
December 31, 2020

\$361,083 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 December 31, 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:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2021	\$ (271,897)
2022	(204,027)
2023	33,280
2024	(475,128)

### 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 percent 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 for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

## Village of McFarland

Notes to Financial Statements  
December 31, 2020

### 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>Core Fund Asset Class</b>	<b>Current Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
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
<b>Variable Fund Asset Class</b>			
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 percent  
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 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (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 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Village of McFarland

Notes to Financial Statements  
December 31, 2020

### Sensitivity of the Village's Proportionate Share of the Net Pension (asset)/liability to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension (asset)/liability 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>
Village's proportionate share of the net pension (asset)/liability	\$ 2,332,764	\$ (905,865)	\$ (3,327,113)

### 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>.

At December 31, 2020, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

### Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

### Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability band expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

### Subsequent Events

On March 1, 2021, the Village issued general obligation bonds in the amount of \$14,000,000 with an interest rate of 1.00-3.00 percent. These proceeds will be used to finance the costs associated with the construction of the Public Safety Center.

# Village of McFarland

Notes to Financial Statements  
December 31, 2020

On March 1, 2021, the Village issued general obligation promissory notes in the amount of \$3,215,000 with an interest rate of 1.00-2.00 percent. These proceeds will be used to finance capital improvement projects including facilities, street, park, sewerage and traffic safety improvements.

## Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Village is disclosing all abatement agreements individually.

The Village through its Tax Incremental Financing Districts (TID) Nos. 3, 4 and 5 have entered into tax abatement agreements with a developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

<u>Agreement Description</u>	<u>Calculation Method</u>	<u>Developer Commitment</u>	<u>2020 Payments</u>
Farwell Place LLC Development Agreement	Excess Increment	Developer guarantees value set by agreement, 75% of tax payment goes towards loan retirement	\$ -
84 Lumber Development Agreement	Excess Increment	Developer guarantees value set by agreement, 50% of tax payment goes towards loan retirement	-
Waubesa Village Development Agreement - Phase 1	Excess Increment	Developer guarantees value set by agreement, 65% of tax payment goes towards loan retirement	-
High Track Development Agreement	Excess Increment	Developer guarantees value set by agreement, 50% of tax payment goes towards loan retirement	-
Spartan Properties Development Agreement	Excess Increment	Developer guarantees value set by agreement, 50% of tax payment goes towards loan retirement	-
Hillcrest Rental LLC Development Agreement	Excess Increment	Developer guarantees value set by agreement, 100% of tax payment goes towards loan retirement	-
Waubesa Village Development Agreement - Phase 2	Excess Increment	Developer guarantees value set by agreement, 65% of tax payment goes towards loan retirement	-
The Atwater, LLC & Lakesonte, LLC Developer Agreement	Excess Increment	Developer guarantees value set by agreement, 100% of tax payment goes toward loan retirement	350,000
Ezra Properties, LLC Agreement	Excess Increment	Developer guarantees value set by agreement, 100% of tax payment goes toward loan retirement	337,500
O'Hearn Ventures LLC	Excess Increment	Developer guarantees value set by agreement, 100% of tax payment go toward loan retirement	-



## Village of McFarland

---

Notes to Financial Statements  
December 31, 2020

### Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## Village of McFarland

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,932,500	\$ 3,932,500	\$ 3,944,335	\$ 11,835
Intergovernmental	785,750	785,750	939,229	153,479
Licenses and permits	387,750	387,750	407,275	19,525
Fines, forfeitures and penalties	102,000	102,000	69,708	(32,292)
Public charges for services	331,750	331,750	337,015	5,265
Intergovernmental charges for services	293,250	293,250	283,803	(9,447)
Investment income	100,000	100,000	38,554	(61,446)
Miscellaneous revenues	<u>150,000</u>	<u>150,000</u>	<u>159,126</u>	<u>9,126</u>
Total revenues	<u>6,083,000</u>	<u>6,083,000</u>	<u>6,179,045</u>	<u>96,045</u>
<b>Expenditures</b>				
Current:				
General government	908,000	908,000	905,875	2,125
Public safety	3,665,750	3,665,750	3,567,792	97,958
Health and social services	253,250	253,250	244,522	8,728
Public works	924,500	924,500	819,388	105,112
Leisure activities	410,750	410,750	366,293	44,457
Conservation and development	<u>236,000</u>	<u>236,000</u>	<u>255,147</u>	<u>(19,147)</u>
Total expenditures	<u>6,398,250</u>	<u>6,398,250</u>	<u>6,159,017</u>	<u>239,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(315,250)</u>	<u>(315,250)</u>	<u>20,028</u>	<u>335,278</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	290,250	290,250	310,595	20,345
Transfers out	<u>-</u>	<u>-</u>	<u>(197,137)</u>	<u>(197,137)</u>
Total other financing sources (uses)	<u>290,250</u>	<u>290,250</u>	<u>113,458</u>	<u>(176,792)</u>
Net change in fund balance	(25,000)	(25,000)	133,486	158,486
<b>Fund Balance, Beginning</b>	<u>2,874,376</u>	<u>2,874,376</u>	<u>2,874,376</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 2,849,376</u>	<u>\$ 2,849,376</u>	<u>\$ 3,007,862</u>	<u>\$ 158,486</u>

See notes to required supplementary information

## Village of McFarland

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System  
Year Ended December 31, 2020

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/15	0.02466399%	\$ (605,815)	\$ 2,735,705	22.14%	102.74%
12/31/16	0.02415237%	392,471	2,901,661	13.53%	98.20%
12/31/17	0.02403967%	198,144	2,943,233	6.73%	99.12%
12/31/18	0.02526343%	(750,101)	3,178,136	23.60%	102.93%
12/31/19	0.02660430%	946,359	3,365,238	28.12%	96.45%
12/31/20	0.02809358%	(905,865)	3,570,057	25.37%	102.96%

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2020

Village Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 234,105	\$ 234,105	\$ -	\$ 2,902,870	8.06%
12/31/16	232,586	232,586	-	2,944,883	7.90%
12/31/17	275,790	275,790	-	3,178,137	8.68%
12/31/18	293,935	293,935	-	3,365,238	8.73%
12/31/19	303,691	303,691	-	3,570,057	8.51%
12/31/20	361,083	361,083	-	3,987,492	9.06%

See notes to required supplementary information

## Village of McFarland

---

Notes to Required Supplementary Information  
Year Ended December 31, 2020

### **Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

### **Wisconsin Retirement System**

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The Village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

**SUPPLEMENTARY INFORMATION**

## Village of McFarland

Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual -

General Fund

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Taxes</b>				
General property taxes	\$ 3,820,500	\$ 3,820,500	\$ 3,820,500	\$ -
Payments in lieu of taxes	105,000	105,000	110,878	5,878
Interest and penalties on taxes	3,000	3,000	4,849	1,849
Public accommodation (room) taxes	4,000	4,000	8,108	4,108
	<u>3,932,500</u>	<u>3,932,500</u>	<u>3,944,335</u>	<u>11,835</u>
Total taxes				
<b>Intergovernmental</b>				
State shared revenues	109,750	109,750	109,754	4
Expenditure restraint payment	60,000	60,000	111,288	51,288
Fire insurance tax (2% fire dues)	39,000	39,000	39,932	932
Other state shared taxes	8,750	8,750	8,855	105
State aid, law enforcement improvement	1,000	1,000	-	(1,000)
State aid, other public safety	5,500	5,500	5,854	354
State aid, general transportation aids	481,750	481,750	481,762	12
Payments for municipal services	8,750	8,750	3,636	(5,114)
In lieu of taxes on state conservation lands	250	250	118	(132)
Grants from local governments	55,750	55,750	57,286	1,536
State aid, law enforcement	15,250	15,250	22,823	7,573
Federal aid, pandemic relief	-	-	97,921	97,921
	<u>785,750</u>	<u>785,750</u>	<u>939,229</u>	<u>153,479</u>
Total intergovernmental				
<b>Licenses and Permits</b>				
Liquor and malt beverage licenses	12,000	12,000	5,509	(6,491)
Operators' license	6,500	6,500	5,460	(1,040)
Other business and occupational licenses	4,000	4,000	1,875	(2,125)
Bicycle licenses	2,250	2,250	6,046	3,796
Dog and cat licenses	3,500	3,500	2,934	(566)
Other nonbusiness licenses	5,000	5,000	4,570	(430)
Nonbusiness licenses	4,000	4,000	6,210	2,210
Building permits	110,000	110,000	117,415	7,415
Heating and air conditioning permits	45,000	45,000	35,771	(9,229)
Plumbing permits	45,000	45,000	34,745	(10,255)
Electrical permits	50,000	50,000	50,335	335
Other regulatory permits and fees	500	500	185	(315)
Other permits	100,000	100,000	136,220	36,220
	<u>387,750</u>	<u>387,750</u>	<u>407,275</u>	<u>19,525</u>
Total licenses and permits				
<b>Fines, Forfeitures and Penalties</b>				
Court penalties and costs	95,000	95,000	67,370	(27,630)
Parking violations	7,000	7,000	2,338	(4,662)
	<u>102,000</u>	<u>102,000</u>	<u>69,708</u>	<u>(32,292)</u>
Total fines, forfeitures and penalties				

## Village of McFarland

Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual -

General Fund

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Charges for Services</b>				
Clerk's fees	\$ 9,000	\$ 9,000	\$ 11,129	\$ 2,129
Publication fees	1,500	1,500	1,800	300
Law enforcement fees	2,500	2,500	11,661	9,161
Fire protection fees	3,500	3,500	2,562	(938)
Ambulance fees	285,000	285,000	275,701	(9,299)
County highway maintenance and construction	750	750	877	127
Park rental	15,000	15,000	10,635	(4,365)
Plan review fees	10,000	10,000	22,556	12,556
Other public charges for services	<u>4,500</u>	<u>4,500</u>	<u>94</u>	<u>(4,406)</u>
Total public charges for services	<u>331,750</u>	<u>331,750</u>	<u>337,015</u>	<u>5,265</u>
<b>Intergovernmental Charges for Services</b>				
Local, law enforcement services	51,750	51,750	58,024	6,274
Local, fire services	198,000	198,000	183,526	(14,474)
Local, other services	<u>43,500</u>	<u>43,500</u>	<u>42,253</u>	<u>(1,247)</u>
Total intergovernmental charges for services	<u>293,250</u>	<u>293,250</u>	<u>283,803</u>	<u>(9,447)</u>
<b>Investment income</b>				
Interest on investments	<u>100,000</u>	<u>100,000</u>	<u>38,554</u>	<u>(61,446)</u>
Total investment income	<u>100,000</u>	<u>100,000</u>	<u>38,554</u>	<u>(61,446)</u>
<b>Miscellaneous</b>				
Rent	78,250	78,250	83,828	5,578
Insurance recoveries	9,000	9,000	9,942	942
Other miscellaneous	11,000	11,000	13,960	2,960
Other utility nonoperating revenue one	46,000	46,000	46,000	-
Donations	<u>5,750</u>	<u>5,750</u>	<u>5,396</u>	<u>(354)</u>
Total miscellaneous	<u>150,000</u>	<u>150,000</u>	<u>159,126</u>	<u>9,126</u>
<b>Other financing sources</b>				
Transfers in	<u>290,250</u>	<u>290,250</u>	<u>310,595</u>	<u>20,345</u>
Total other financing sources	<u>290,250</u>	<u>290,250</u>	<u>310,595</u>	<u>20,345</u>
Total revenues and other financing sources	<u>\$ 6,373,250</u>	<u>\$ 6,373,250</u>	<u>\$ 6,489,640</u>	<u>\$ 116,390</u>



## Village of McFarland

Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual -

General Fund

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government</b>				
Council/Board	\$ 56,750	\$ 56,750	\$ 46,584	\$ 10,166
Judicial	66,000	66,000	62,637	3,363
Administrator	78,750	78,750	74,542	4,208
Clerk	270,000	270,000	250,240	19,760
Elections	16,500	16,500	37,181	(20,681)
Data processing	54,500	54,500	47,922	6,578
Finance	5,500	5,500	1,131	4,369
Assessor	41,000	41,000	48,739	(7,739)
Legal	105,000	105,000	132,040	(27,040)
General buildings/plant/hall	97,500	97,500	114,729	(17,229)
Risk and property management	<u>116,500</u>	<u>116,500</u>	<u>90,130</u>	<u>26,370</u>
Total general government	<u>908,000</u>	<u>908,000</u>	<u>905,875</u>	<u>2,125</u>
<b>Public Safety</b>				
Police	2,202,750	2,202,750	2,173,701	29,049
Fire protection	1,104,500	1,104,500	1,049,854	54,646
Hydrant rental	325,250	325,250	325,250	-
Ambulance	23,500	23,500	18,490	5,010
Emergency government	<u>9,750</u>	<u>9,750</u>	<u>497</u>	<u>9,253</u>
Total public safety	<u>3,665,750</u>	<u>3,665,750</u>	<u>3,567,792</u>	<u>97,958</u>
<b>Health and Social Services</b>				
Senior outreach	<u>253,250</u>	<u>253,250</u>	<u>244,522</u>	<u>8,728</u>
Total health and social services	<u>253,250</u>	<u>253,250</u>	<u>244,522</u>	<u>8,728</u>
<b>Public Works</b>				
Engineering	15,000	15,000	6,285	8,715
Highway and street maintenance for local	784,500	784,500	687,644	96,856
Street lighting	<u>125,000</u>	<u>125,000</u>	<u>125,459</u>	<u>(459)</u>
Total public works	<u>924,500</u>	<u>924,500</u>	<u>819,388</u>	<u>105,112</u>
<b>Leisure Activities</b>				
Parks	<u>410,750</u>	<u>410,750</u>	<u>366,293</u>	<u>44,457</u>
Total leisure activities	<u>410,750</u>	<u>410,750</u>	<u>366,293</u>	<u>44,457</u>

## Village of McFarland

Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual -  
General Fund  
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Conversation and Development</b>				
Planning	<u>\$ 236,000</u>	<u>\$ 236,000</u>	<u>\$ 255,147</u>	<u>\$ (19,147)</u>
Total conversation and development	<u>236,000</u>	<u>236,000</u>	<u>255,147</u>	<u>(19,147)</u>
<b>Other Financing Uses</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>197,137</u>	<u>(197,137)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>197,137</u>	<u>(197,137)</u>
Total expenditures	<u>\$ 6,398,250</u>	<u>\$ 6,398,250</u>	<u>\$ 6,356,154</u>	<u>\$ 42,096</u>

# Village of McFarland

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2020

	<b>Special Revenue Funds</b>				
	<u>Cable</u>	<u>Library</u>	<u>Parks</u>	<u>Solid Waste</u>	<u>Employee Retirement Fund</u>
<b>Assets</b>					
Cash and investments	\$ 70,330	\$ 179,452	\$ -	\$ 242,403	\$ 177,811
Restricted cash and investments	-	-	690,198	-	-
Receivables:					
Taxes	22,500	626,250	-	509,589	50,000
Accounts	24,812	58	-	938	-
Loans	-	-	192,296	-	-
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>			

<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Youth Center</u>	<u>Canine</u>	<u>TIF No. 4 Capital Project</u>	<u>TIF No. 5 Capital Project</u>	
\$ 2,678	\$ 45,603	\$ 106,681	\$ -	\$ 824,958
-	-	-	-	690,198
25,000	-	97,962	45,936	1,377,237
-	-	-	-	25,808
-	-	58,190	-	250,486
<u>\$ 27,678</u>	<u>\$ 45,603</u>	<u>\$ 262,833</u>	<u>\$ 45,936</u>	<u>\$ 3,168,687</u>
\$ -	\$ -	\$ 40	\$ -	\$ 35,045
-	-	397,707	539,083	936,790
-	-	397,747	539,083	971,835
25,000	-	97,962	45,936	1,379,535
25,000	-	97,962	45,936	1,379,535
-	45,603	-	-	1,102,408
2,678	-	-	-	486,868
-	-	(232,876)	(539,083)	(771,959)
2,678	45,603	(232,876)	(539,083)	817,317
<u>\$ 27,678</u>	<u>\$ 45,603</u>	<u>\$ 262,833</u>	<u>\$ 45,936</u>	<u>\$ 3,168,687</u>

# Village of McFarland

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2020

	<b>Special Revenue Funds</b>				
	<b>Cable</b>	<b>Library</b>	<b>Parks</b>	<b>Solid Waste</b>	<b>Employee Retirement Fund</b>
<b>Revenues</b>					
Taxes	\$ 24,500	\$ 575,750	\$ -	\$ 101,000	\$ 50,000
Intergovernmental	9,976	341,027	-	34,231	-
Licenses and permits	97,286	-	-	-	-
Public charges for services	-	3,196	462,198	420,951	-
Investment income	446	3,099	3,367	3,221	1,018
Miscellaneous revenues	-	-	500	-	-
Total revenues	<u>132,208</u>	<u>923,072</u>	<u>466,065</u>	<u>559,403</u>	<u>51,018</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	10,897
Public safety	-	-	-	-	-
Public works	-	-	-	545,281	-
Leisure activities	120,003	925,320	-	-	-
Conservation and development	-	-	-	-	-
Capital Outlay	7,372	-	40,615	3,930	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>127,375</u>	<u>925,320</u>	<u>40,615</u>	<u>549,211</u>	<u>10,897</u>
Excess (deficiency) of revenues over expenditures	<u>4,833</u>	<u>(2,248)</u>	<u>425,450</u>	<u>10,192</u>	<u>40,121</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(296,439)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(296,439)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,833	(2,248)	129,011	10,192	40,121
<b>Fund Balances (Deficit), Beginning</b>	<u>90,205</u>	<u>179,957</u>	<u>750,085</u>	<u>201,149</u>	<u>137,690</u>
<b>Fund Balances (Deficit), Ending</b>	<u>\$ 95,038</u>	<u>\$ 177,709</u>	<u>\$ 879,096</u>	<u>\$ 211,341</u>	<u>\$ 177,811</u>

<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Youth Center</u>	<u>Canine</u>	<u>TIF No. 4 Capital Project</u>	<u>TIF No. 5 Capital Project</u>	
\$ 25,000	\$ -	\$ 86,635	\$ 17,708	\$ 880,593
40,250	-	7,125	250,222	682,831
-	-	-	-	97,286
-	-	-	-	886,345
177	270	611	-	12,209
<u>15,000</u>	<u>2,740</u>	<u>-</u>	<u>-</u>	<u>18,240</u>
<u>80,427</u>	<u>3,010</u>	<u>94,371</u>	<u>267,930</u>	<u>2,577,504</u>
-	-	37,720	22,675	71,292
-	6,404	-	-	6,404
-	-	-	-	545,281
40,250	-	-	-	1,085,573
-	-	136,892	604,193	741,085
-	-	-	-	51,917
-	-	30,000	-	30,000
-	-	<u>6,415</u>	<u>32,510</u>	<u>38,925</u>
<u>40,250</u>	<u>6,404</u>	<u>211,027</u>	<u>659,378</u>	<u>2,570,477</u>
<u>40,177</u>	<u>(3,394)</u>	<u>(116,656)</u>	<u>(391,448)</u>	<u>7,027</u>
-	-	217,841	-	217,841
<u>(40,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(336,689)</u>
<u>(40,250)</u>	<u>-</u>	<u>217,841</u>	<u>-</u>	<u>(118,848)</u>
(73)	(3,394)	101,185	(391,448)	(111,821)
<u>2,751</u>	<u>48,997</u>	<u>(334,061)</u>	<u>(147,635)</u>	<u>929,138</u>
<u>\$ 2,678</u>	<u>\$ 45,603</u>	<u>\$ (232,876)</u>	<u>\$ (539,083)</u>	<u>\$ 817,317</u>