

**VILLAGE OF MCFARLAND**

McFarland, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

# VILLAGE OF MCFARLAND

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2019

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	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Required Supplementary Information	
Management's Discussion and Analysis	iii - xvi
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
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 - 8
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 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
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 - 54
Required Supplementary Information	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund Fund	55
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	56
Schedule of Employer Contributions - Wisconsin Retirement System	56
Notes to Required Supplementary Information	57

# VILLAGE OF MCFARLAND

TABLE OF CONTENTS (cont.)  
As of and for the Year Ended December 31, 2019

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	<u>Page(s)</u>
Supplementary Information	
Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	58 - 59
Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	60
Combining Balance Sheet - Nonmajor Governmental Funds	61 - 62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	63 - 64

## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of McFarland  
McFarland, Wisconsin

### **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, 2019, 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, 2019 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.

## **Emphasis of Matter**

As discussed in Note 1, the Village of McFarland adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

## **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 Virchow Krause, LLP*

Madison, Wisconsin  
May 19, 2020

# VILLAGE OF MCFARLAND

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2019

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, 2019. 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.

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### FINANCIAL HIGHLIGHTS

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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 non-financial 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, 2019 by \$61,360,494 (net position). Total net position includes all major infrastructure networks.
- > The Village of McFarland's total net position increased by \$1,911,812 in 2019.
- > As of December 31, 2019, the Village of McFarland's governmental funds reported combined ending fund balances of \$7,430,821, an increase of \$562,221 (8%) from the prior year. The main contributor to this increase was the decrease in TIF incentives paid in 2019.
- > As of December 31, 2019, the unassigned fund balance for the General Fund was \$2,337,435 or approximately 36% of total general fund expenditures budgeted for 2020. The total fund balance in the General Fund – also including Nonspendable, Restricted, Committed, and Assigned amounts – was \$2,874,376, a decrease of \$54,972 (2%) over the previous year.
- > The Village of McFarland's total general obligation debt increased by \$1,240,000 as of 12/31/19. At year-end, the village was utilizing 30.6% of its general obligation debt capacity, a decrease from 33.9% the previous year. \$2,365,000 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 26.1% of its allowable debt capacity for general purposes.

# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

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## OVERVIEW OF THE FINANCIAL STATEMENTS

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### ***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 Stormwater 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.

# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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### *FUND FINANCIAL STATEMENTS (cont.)*

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.

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 non-major 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 Stormwater 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 54 of this report.

# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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### *FUND FINANCIAL STATEMENTS (cont.)*

**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 55 to 57 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information and can be found on pages 58 to 64 of this report.

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## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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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 non-financial 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 \$61,360,494 as of December 31, 2019. This is an increase of \$1,911,812 (3.2%) compared to 2018 when the net position improved \$4,615,735 (8.4%) over the prior year.

The largest portion of the village's net position (approximately 81%) 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 5.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$8,182,630, a 7.2% increase 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 I.D.11 on page 27 of the financial statements.

## VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

#### NET POSITION (cont.)

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

#### VILLAGE OF MCFARLAND'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 16,268,534	\$ 16,886,914	\$ 5,515,105	\$ 5,396,953	\$ 21,783,639	\$ 22,283,867
Capital assets	45,127,950	43,311,889	20,059,872	19,241,682	65,187,822	62,553,571
Total Assets	<u>61,396,484</u>	<u>60,198,803</u>	<u>25,574,977</u>	<u>24,638,635</u>	<u>86,971,461</u>	<u>84,837,438</u>
Deferred Outflows	<u>2,325,505</u>	<u>1,280,804</u>	<u>265,758</u>	<u>132,896</u>	<u>2,591,263</u>	<u>1,413,700</u>
Long-term liabilities	14,314,756	13,254,189	3,787,882	3,543,426	18,102,638	16,797,615
Other liabilities	670,992	823,074	242,513	238,430	913,505	1,061,504
Total Liabilities	<u>14,985,748</u>	<u>14,077,263</u>	<u>4,030,395</u>	<u>3,781,856</u>	<u>19,016,143</u>	<u>17,859,119</u>
Deferred Inflows	<u>9,053,789</u>	<u>8,824,288</u>	<u>132,298</u>	<u>119,049</u>	<u>9,186,087</u>	<u>8,943,337</u>
Net Position:						
Net investment in capital assets	34,348,776	33,502,350	16,418,433	15,798,653	49,946,723	48,480,517
Restricted	2,759,986	2,873,185	471,155	463,637	3,231,141	3,336,822
Unrestricted	<u>2,573,690</u>	<u>2,202,521</u>	<u>4,788,454</u>	<u>4,608,336</u>	<u>8,182,630</u>	<u>7,631,343</u>
<b>TOTAL NET POSITION</b>	<u>\$ 39,682,452</u>	<u>\$ 38,578,056</u>	<u>\$ 21,678,042</u>	<u>\$ 20,870,626</u>	<u>\$ 61,360,494</u>	<u>\$ 59,448,682</u>

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 I.11.

#### CHANGES IN NET POSITION

The following table provides a summary of the village's operations for the year ended December 31, 2019. Governmental activities increased the Village of McFarland's net position by \$1,104,396 (2.9%). This compares to an increase of \$2,317,254 (6.3%) in 2018.

Business-type activities increased the net position by \$807,416 (3.9%). This compares to an increase of \$2,298,481 (12.4%) in the prior year.

## VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

#### CHANGES IN NET POSITION (cont.)

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		Totals	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 1,549,949	\$ 1,526,415	\$ 2,755,242	\$ 2,684,070	\$ 4,305,191	\$ 4,210,485
Operating grants and contributions	1,145,134	1,978,985	-	-	1,145,134	1,978,985
Capital grants and contributions	1,410,455	264,314	825,182	2,169,846	2,235,637	2,434,160
General Revenues						
Property taxes	7,056,266	6,771,397	-	-	7,056,266	6,771,397
Other taxes	122,281	116,068	-	-	122,281	116,068
Intergovernmental	209,140	196,735	-	-	209,140	196,735
Investment income	278,767	164,811	105,034	130,552	383,801	295,363
Gain on asset disposal	868	9,970	-	-	868	9,970
Miscellaneous	34,304	127,621	8,910	12,768	43,214	140,389
Total Revenues	<u>11,807,164</u>	<u>11,156,316</u>	<u>3,694,368</u>	<u>4,997,236</u>	<u>15,501,532</u>	<u>16,153,552</u>
<b>Expenses</b>						
General government	1,155,104	1,169,324	-	-	1,155,104	1,169,324
Public safety	3,241,869	3,481,791	-	-	3,241,869	3,481,791
Health and social services	242,177	223,581	-	-	242,177	223,581
Public works	3,065,311	1,647,356	-	-	3,065,311	1,647,356
Leisure activities	1,892,912	1,465,255	-	-	1,892,912	1,465,255
Conservation and development	947,313	762,532	-	-	947,313	762,532
Interest and fiscal charges	420,742	338,367	-	-	420,742	338,367
Water, sewer and stormwater	-	-	2,624,292	2,449,611	2,624,292	2,449,611
Total Expenses	<u>10,965,428</u>	<u>9,088,206</u>	<u>2,624,292</u>	<u>2,449,611</u>	<u>13,589,720</u>	<u>11,537,817</u>
Increases in Net Position Before Transfers	841,736	2,068,110	1,070,076	2,547,625	1,911,812	4,615,735
Transfers	262,660	249,144	(262,660)	(249,144)	-	-
Change in Net Position	1,104,396	2,317,254	807,416	2,298,481	1,911,812	4,615,735
NET POSITION – Beginning of Year	<u>38,578,056</u>	<u>36,260,802</u>	<u>20,870,626</u>	<u>18,572,145</u>	<u>59,448,682</u>	<u>54,832,947</u>
<b>NET POSITION – End of Year</b>	<u>\$ 39,682,452</u>	<u>\$ 38,578,056</u>	<u>\$ 21,678,042</u>	<u>\$ 20,870,626</u>	<u>\$ 61,360,494</u>	<u>\$ 59,448,682</u>

# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

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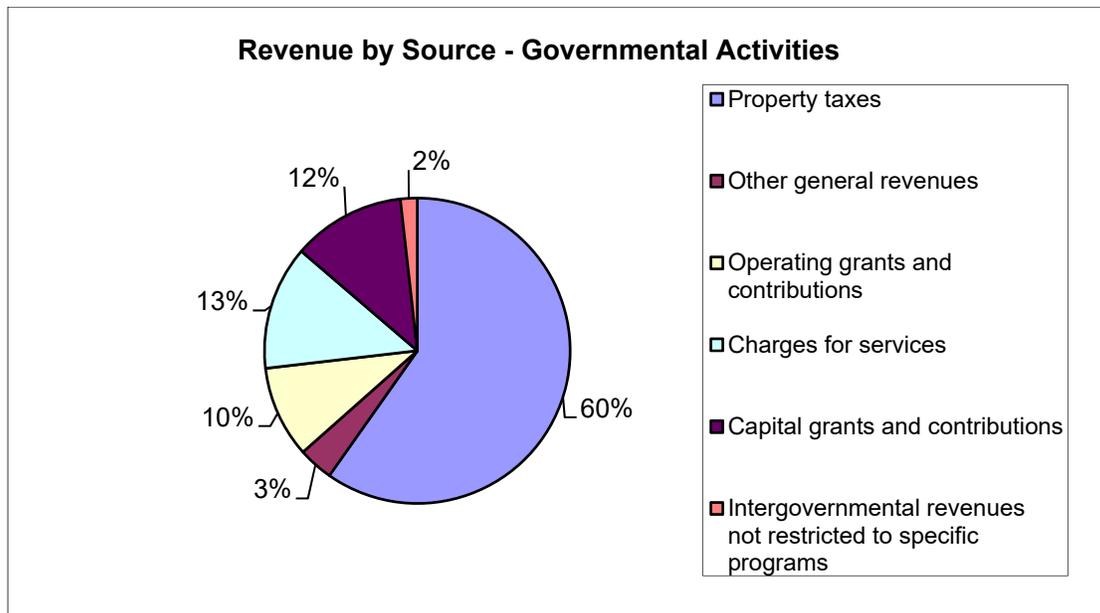
## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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### GOVERNMENTAL ACTIVITIES

The village received a total of \$11,807,164 in governmental activity revenues in 2019. This is an increase of \$650,848 (5.8%) from the prior year. The overall tax levy increased and capital grants and contributions increased; however, operating 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 \$10,965,428 in 2019, an increase of \$1,877,222 (20.7%) from the prior year. The increase in 2019 stems from an increase in public works and conservation and development. Revenues exceeded expenses by \$841,736, down \$1,226,374 from the prior year. After transfers, there was an increase in net position of \$1,104,396.

In 2019, Public Safety (police, fire, EMS, emergency management) activities accounted for the largest share of Village expenditures at 29.7%, down from 38.3% the prior year. This was followed by expenditures on Public Works activities at 28%, up from 18%. Other expenditure areas included General Government at 10.5%, Leisure Activities at 17.3%, Conservation and Development at 8.6%, and Health and Social Services at 2.2%. Interest and fiscal charges accounted for the remaining 3.8% of governmental activity expenses, up from 3.7% in 2018.

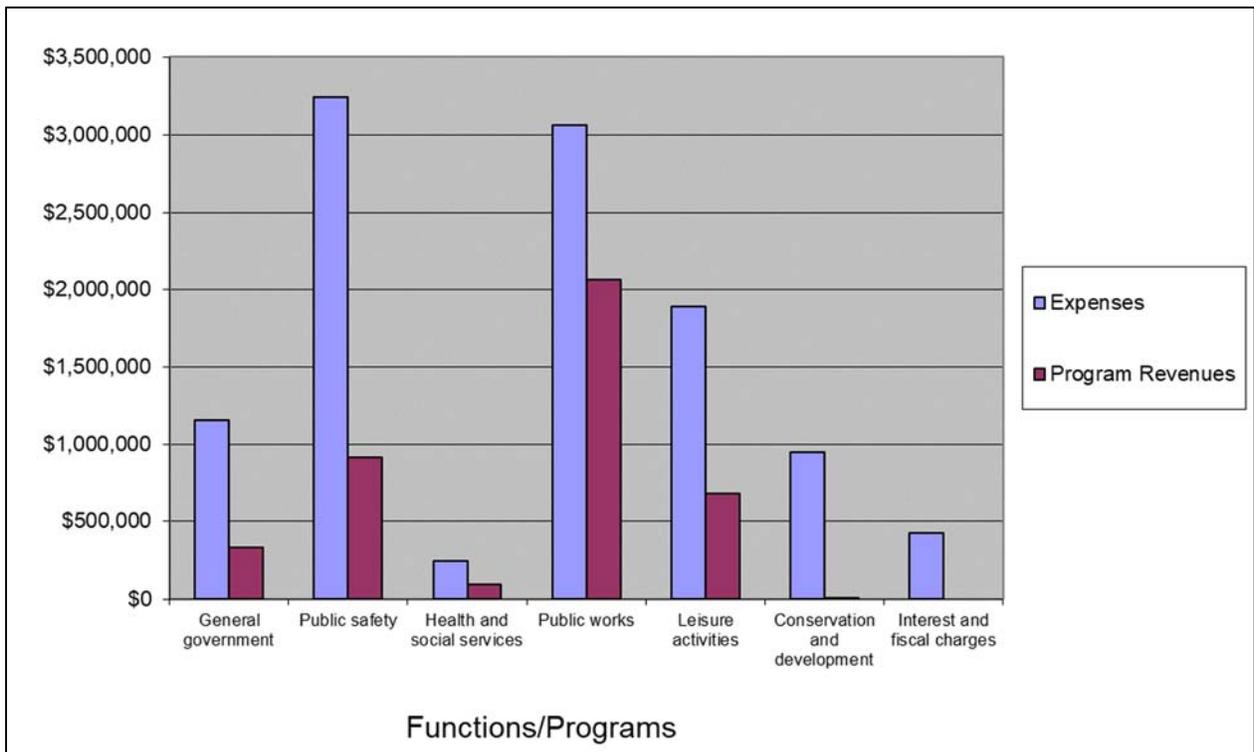
# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

### GOVERNMENTAL ACTIVITIES (cont.)

#### Expenses and Program Revenue – Governmental Activities



### BUSINESS-TYPE ACTIVITIES

The village generated \$3,697,368 in business-type activity revenue in 2019 from its Water, Sewer and Stormwater Utility Funds. This is a 26% decrease compared to 2018 when revenues were \$4,997,236. Charges for services are the largest revenue source for these operations, representing 75% of revenues.

# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

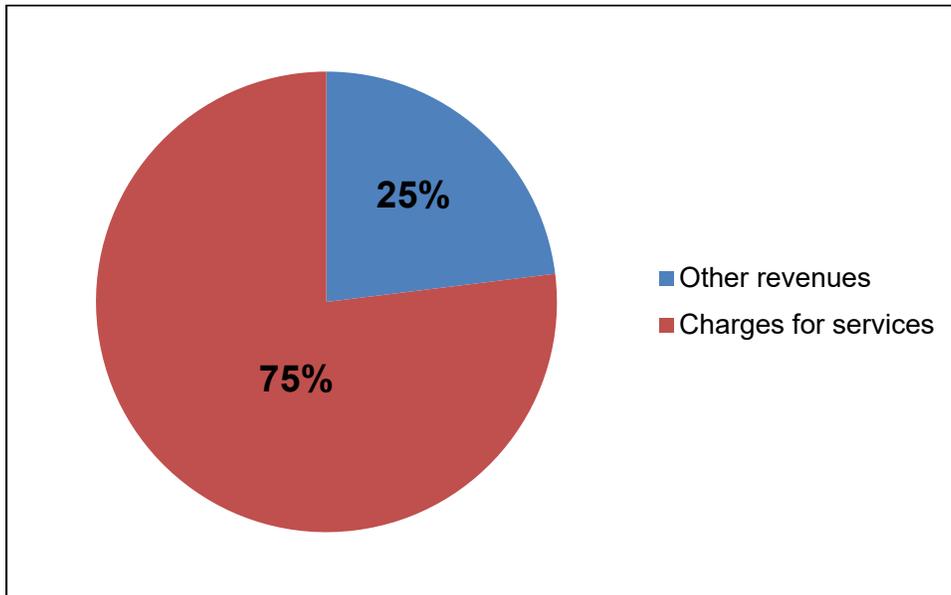
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## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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### *BUSINESS-TYPE ACTIVITIES* (cont.)

#### Revenue by Source – Business-type Activities



Business-type activities increased the village's net position by \$807,416 (3.9%) in 2019. This compares to an increase of \$2,298,481 (12%) in 2018. The net operating income of the business-type activities was \$217,308, down \$88,929 (29%) 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%. The actual rate of return for 2019 was 1.58%, down from 2.39% in 2018. The water rates in effect during 2019 were implemented on November 13, 2019, the sewer and stormwater rates became effective January 1, 2016.

# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

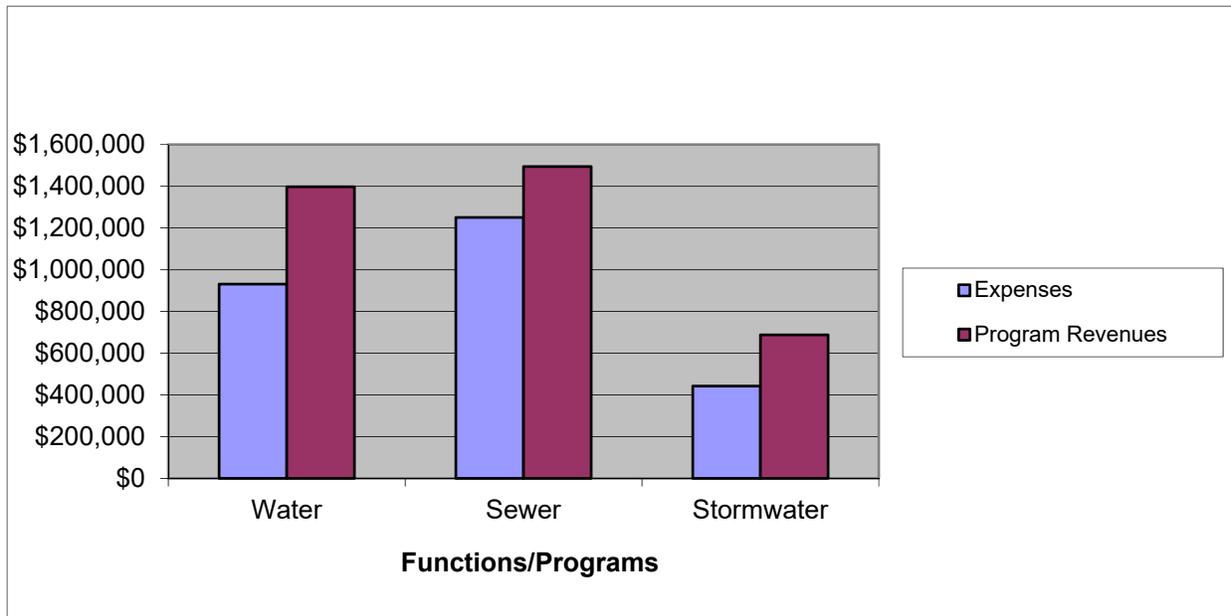
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## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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### *BUSINESS-TYPE ACTIVITIES* (cont.)

#### Expenses and Program Revenues – Business-type Activities



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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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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 \$7,430,821, up \$562,221 (8.2%) from 2018. Approximately 25% of this total amount (\$1,855,739) constitutes unassigned fund balance, an increase of \$75,861 from 2018. The remainder of the fund balance, \$5,575,082, is reported in the following categories: 1) nonspendable (\$63,473), 2) restricted (\$3,307,595), 3) committed (\$1,154,198), and 4) assigned (\$1,049,816).

# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

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### *GOVERNMENTAL FUNDS (cont.)*

General Fund: The General Fund is the main operating fund of the village. The general fund balance decreased from \$2,929,348 to \$2,874,376, a decrease of \$54,972 (1.9%). This is a result of a decrease in revenues such as permit fees, donations and an increase in transfers made to cover capital expenditures.

General Debt Service Fund: The General Debt Service Fund balance increased \$62,337 from \$837,769 to \$900,106.

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 increased by \$453,778 during the year. This increase is primarily due to TIF increment exceeding expenditures.

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 decreased by \$389,912 from \$1,436,031 to \$1,046,119. The main reason for the decrease is due to a spend down of debt proceeds.

### *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 2019, excluding depreciation, increased by \$87,039 from \$1,556,858 in 2018 to \$1,643,897 in 2019. Operating revenues of the Utility decreased from \$2,148,047 in 2018 to \$2,214,001 in 2019. The Utility has an unrestricted cash balance of \$3,669,468.

Stormwater Utility: The Stormwater Utility was created July 1, 2008 and is an enterprise fund of the Village of McFarland. Operating expenses in 2019, excluding depreciation, were \$19,160 higher than those in 2018. Operating revenues increased \$5,218 (1%) from the prior year. The unrestricted cash balance at year-end was \$1,005,408.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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Total expenditures and other financing uses in the General Fund budget for 2019 exceeded the approved budget by \$246,319. The adopted appropriations were \$5,932,000, while the actual expenditures and other financing uses totaled \$6,178,319.

On the revenue side, the actual operating revenues and other financing sources of \$6,123,347 exceeded the final budgeted revenues and other financing sources by \$226,347.

The net operating results for the General Fund budget for 2019 thus generated a net loss of \$54,972.

## VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

### CAPITAL ASSETS

At the end of 2019, the village had invested a total of \$65,187,822 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 2019 included the following:

> Streets	\$	529,013
> Machinery, equipment, vehicles		1,090,001
> Soccer shelter building		444,369
> Library improvements and collections		95,134
> Water		835,819
> Sewer		291,886
> Stormwater		311,461

### CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,771,751	\$ 13,927,157	\$ 325,845	\$ 325,845	\$ 15,097,596	\$ 14,253,002
Land improvements	1,520,560	1,443,470	-	-	1,520,560	1,443,470
Buildings	11,696,085	11,251,716	-	-	11,696,085	11,251,716
Machinery and equipment	2,632,182	2,475,474	-	-	2,632,182	2,475,474
Vehicles	4,219,950	3,857,507	-	-	4,219,950	3,857,507
Library improvements/collection	1,296,953	1,209,495	-	-	1,296,953	1,209,495
Intangibles	124,274	124,274	-	-	124,274	124,274
Streets	22,044,167	21,515,154	-	-	22,044,167	21,515,154
Sidewalks	4,641,200	4,465,120	-	-	4,641,200	4,465,120
Water plant	-	-	16,107,770	15,316,573	16,107,770	15,316,573
Sewer plant	-	-	7,255,035	6,963,149	7,255,035	6,963,149
Stormwater	-	-	5,559,278	5,247,817	5,559,278	5,247,817
Construction in progress	495,333	-	-	-	495,333	-
<b>Total Capital Assets</b>	<b>63,442,455</b>	<b>60,269,367</b>	<b>29,247,928</b>	<b>27,853,384</b>	<b>92,690,383</b>	<b>88,122,751</b>
Less: Accumulated depreciation/amortization	<u>(18,314,505)</u>	<u>(16,957,478)</u>	<u>(9,188,056)</u>	<u>(8,611,702)</u>	<u>(27,502,561)</u>	<u>(25,569,180)</u>
<b>Capital Assets – Net of Accumulated Depreciation/Amortization</b>	<b><u>\$ 45,127,950</u></b>	<b><u>\$ 43,311,889</u></b>	<b><u>\$ 20,059,872</u></b>	<b><u>\$ 19,241,682</u></b>	<b><u>\$ 65,187,822</u></b>	<b><u>\$ 62,553,571</u></b>

## VILLAGE OF MCFARLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2019

#### **LONG-TERM DEBT**

During 2019, the village issued \$2,685,000 of new debt and \$1,615,000 of debt was retired. A total of \$12,640,000 in general obligation debt for governmental activities was outstanding at the end of 2019, some of which was incurred for future capital projects.

In 2019, the water and sewer utility had \$3,010,000 of general obligation debt outstanding. The stormwater utility had total general obligation debt outstanding of \$515,000.

Under Wisconsin State Statutes, Chapter 67, the Village of McFarland's aggregate general obligation indebtedness may not exceed 5% 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 \$16,165,000 which was 31% of the maximum allowed of \$52,807,680. \$995,000 (6%) of the general obligation debt was issued to refund the 2018 State Trust Fund Loan for TIF No. 5 and will be repaid from revenue sources other than general property taxes. \$1,690,000 (10%) was issued for the capital projects fund.

#### **VILLAGE OF MCFARLAND'S OUTSTANDING DEBT**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds and notes payable	\$ 12,640,000	\$ 12,500,000	\$ 3,525,000	\$ 3,355,000	\$ 16,165,000	\$ 15,855,000
Capital lease	53,107	60,270	53,107	60,270	106,214	120,540
<b>Total Outstanding Debt</b>	<b><u>\$ 12,693,107</u></b>	<b><u>\$ 12,560,270</u></b>	<b><u>\$ 3,578,107</u></b>	<b><u>\$ 3,415,270</u></b>	<b><u>\$ 16,271,214</u></b>	<b><u>\$ 15,975,540</u></b>

#### **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 2019 population was 8,889.

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 2019.

The McFarland Village Board adopted the 2020 budget in November 2019. The budget authorizes General Fund expenditures of \$6,398,250, up 8.5% over the previous year. The combined property tax levy for all funds is \$6,366,250. The General Fund retains unassigned reserves well in excess of the village's policy of maintaining a minimum 20% of budgeted expenditures.

# VILLAGE OF MCFARLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2019

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## **CURRENTLY KNOWN FACTS / ECONOMIC CONDITIONS (cont.)**

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In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States. As of the date above, the Village's evaluation of the effects of these events is ongoing; however, we anticipate this situation could result in declines in investment income, room tax, event and building permits as well as an increase in delinquent taxes and Senior Outreach services.

The extent of the impact of COVID-19 on the Village's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

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## **REQUESTS FOR INFORMATION**

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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 As of December 31, 2019

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 7,239,780	\$ 4,674,876	\$ 11,914,656
Receivables (net)			
Taxes	7,757,780	-	7,757,780
Delinquent personal property taxes	4,531	-	4,531
Accounts	360,555	309,331	669,886
Special assessments	-	36,109	36,109
Delinquent special assessments	860	-	860
Loans	252,201	-	252,201
Internal balances	219,928	(219,928)	-
Assets held for resale	306,320	-	306,320
Materials and supplies	-	19,450	19,450
Prepaid items	58,082	-	58,082
Restricted assets			
Cash and investments	68,497	471,155	539,652
Other assets	-	224,112	224,112
Capital Assets (net of accumulated depreciation/amortization)			
Land	14,771,751	325,845	15,097,596
Construction in progress	495,333	-	495,333
Other capital assets	<u>29,860,866</u>	<u>19,734,027</u>	<u>49,594,893</u>
Total Assets	<u>61,396,484</u>	<u>25,574,977</u>	<u>86,971,461</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related amounts	<u>2,325,505</u>	<u>265,758</u>	<u>2,591,263</u>
<b>LIABILITIES</b>			
Accounts payable	369,026	228,926	597,952
Accrued liabilities	254,949	8,587	263,536
Deposits	46,497	5,000	51,497
Due to other governmental units	520	-	520
Noncurrent Liabilities			
Due within one year	1,817,077	587,403	2,404,480
Due in more than one year	11,636,057	3,115,742	14,751,799
Net pension liability	<u>861,622</u>	<u>84,737</u>	<u>946,359</u>
Total Liabilities	<u>14,985,748</u>	<u>4,030,395</u>	<u>19,016,143</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenues	7,877,405	-	7,877,405
Pension related amounts	<u>1,176,384</u>	<u>132,298</u>	<u>1,308,682</u>
Total Deferred Inflows of Resources	<u>9,053,789</u>	<u>132,298</u>	<u>9,186,087</u>
<b>NET POSITION</b>			
Net investment in capital assets	34,348,776	16,418,433	49,946,723
Restricted for			
Debt service	781,453	-	781,453
Equipment replacement	-	450,332	450,332
Impact fees	68,497	20,823	89,320
Library	179,957	-	179,957
TIF No. 3	1,681,082	-	1,681,082
Public Canine	48,997	-	48,997
Unrestricted	<u>2,573,690</u>	<u>4,788,454</u>	<u>8,182,630</u>
<b>TOTAL NET POSITION</b>	<u>\$ 39,682,452</u>	<u>\$ 21,678,042</u>	<u>\$ 61,360,494</u>

See accompanying notes to financial statements.

# VILLAGE OF MCFARLAND

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities</b>				
General government	\$ 1,107,005	\$ 153,865	\$ 178,417	\$ -
Public safety	3,241,869	873,641	45,286	-
Health and social services	242,177	-	96,946	-
Public works	3,065,311	414,464	440,511	1,210,089
Leisure activities	1,892,912	31,541	383,974	267,027
Conservation and development	947,313	9,777	-	-
Interest and fiscal charges	<u>420,742</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>10,917,329</u>	<u>1,483,288</u>	<u>1,145,134</u>	<u>1,477,116</u>
<b>Business-type Activities</b>				
Water and Sewer Utility	2,182,049	2,214,001	-	678,404
Stormwater Utility	<u>442,243</u>	<u>541,241</u>	<u>-</u>	<u>146,778</u>
Total Business-type Activities	<u>2,624,292</u>	<u>2,755,242</u>	<u>-</u>	<u>825,182</u>
Totals	<u>\$ 13,541,621</u>	<u>\$ 4,238,530</u>	<u>\$ 1,145,134</u>	<u>\$ 2,302,298</u>

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Gain on disposal of assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

**Change in Net Position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

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Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (774,723)	\$ -	\$ (774,723)
(2,322,942)	-	(2,322,942)
(145,231)	-	(145,231)
(1,000,247)	-	(1,000,247)
(1,210,370)	-	(1,210,370)
(937,536)	-	(937,536)
<u>(420,742)</u>	<u>-</u>	<u>(420,742)</u>
<u>(6,811,791)</u>	<u>-</u>	<u>(6,811,791)</u>
-	710,356	710,356
<u>-</u>	<u>245,776</u>	<u>245,776</u>
<u>-</u>	<u>956,132</u>	<u>956,132</u>
<u>(6,811,791)</u>	<u>956,132</u>	<u>(5,855,659)</u>
4,677,000	-	4,677,000
1,414,750	-	1,414,750
964,516	-	964,516
122,281	-	122,281
209,140	-	209,140
20,306	-	20,306
278,767	105,034	383,801
868	-	868
<u>13,998</u>	<u>8,910</u>	<u>22,908</u>
7,701,626	113,944	7,815,570
<u>262,660</u>	<u>(262,660)</u>	<u>-</u>
<u>7,964,286</u>	<u>(148,716)</u>	<u>7,815,570</u>
1,152,495	807,416	1,959,911
<u>38,578,056</u>	<u>20,870,626</u>	<u>59,448,682</u>
<u>\$ 39,730,551</u>	<u>\$ 21,678,042</u>	<u>\$ 61,408,593</u>

See accompanying notes to financial statements.

## VILLAGE OF MCFARLAND

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General	General Debt Service	TIF No. 3 Capital Project
<b>ASSETS</b>			
Cash and investments	\$ 2,695,038	\$ 900,106	\$ 1,087,379
Restricted cash and investments	-	-	-
Receivables (net)			
Ensuing year levy	3,863,869	1,449,500	828,009
Delinquent taxes	4,531	-	-
Accounts	302,676	-	29,953
Delinquent special assessments	860	-	-
Loans	-	-	-
Due from other funds	262,660	-	-
Prepaid items	58,082	-	-
Advances to other funds	-	-	595,001
	<u>\$ 7,187,716</u>	<u>\$ 2,349,606</u>	<u>\$ 2,540,342</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 165,146	\$ -	\$ 1,298
Accrued liabilities	202,957	-	-
Deposits	46,497	-	-
Due to other governments	520	-	-
Due to other funds	42,732	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>457,852</u>	<u>-</u>	<u>1,298</u>
Deferred Inflows of Resources			
Unearned revenues	3,820,500	1,449,500	857,962
Unavailable revenues	34,988	-	-
Total Deferred Inflows of Resources	<u>3,855,488</u>	<u>1,449,500</u>	<u>857,962</u>
Fund Balance (Deficit)			
Nonspendable	63,473	-	-
Restricted	-	900,106	1,681,082
Committed	40,815	-	-
Assigned	432,653	-	-
Unassigned (deficit)	2,337,435	-	-
Total Fund Balances	<u>2,874,376</u>	<u>900,106</u>	<u>1,681,082</u>
	<u>\$ 7,187,716</u>	<u>\$ 2,349,606</u>	<u>\$ 2,540,342</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			

See accompanying notes to financial statements.

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<u>Capital Equipment and Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 1,294,651	\$ 1,262,606	\$ 7,239,780
-	68,497	68,497
320,000	1,296,402	7,757,780
-	-	4,531
-	27,926	360,555
-	-	860
-	252,201	252,201
-	-	262,660
-	-	58,082
-	-	595,001
<u>\$ 1,614,651</u>	<u>\$ 2,907,632</u>	<u>\$ 16,599,947</u>
\$ 158,039	\$ 44,543	\$ 369,026
-	-	202,957
-	-	46,497
-	-	520
-	-	42,732
-	595,001	595,001
<u>158,039</u>	<u>639,544</u>	<u>1,256,733</u>
410,493	1,338,950	7,877,405
-	-	34,988
<u>410,493</u>	<u>1,338,950</u>	<u>7,912,393</u>
-	-	63,473
428,956	297,451	3,307,595
-	1,113,383	1,154,198
617,163	-	1,049,816
-	(481,696)	1,855,739
<u>1,046,119</u>	<u>929,138</u>	<u>7,430,821</u>
<u>\$ 1,614,651</u>	<u>\$ 2,907,632</u>	<u>\$ 16,599,947</u>

See accompanying notes to financial statements.

## VILLAGE OF MCFARLAND

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

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Total Fund Balances - Governmental Funds	\$ 7,430,821
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	14,771,751
Construction in progress	495,333
Other capital assets	48,175,371
Less: Accumulated depreciation	(18,314,505)
Assets held for resale are not reported in funds	306,320
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.	34,988
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(861,622)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,325,505
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,176,384)
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	(12,640,000)
Compensated absences	(587,803)
Accrued interest	(51,992)
Capital lease payable	(53,107)
Unamortized premium on bonds and notes	(172,224)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 39,682,452</u></b>

See accompanying notes to financial statements.

## VILLAGE OF MCFARLAND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	General	General Debt Service	TIF No. 3 Capital Project
<b>REVENUES</b>			
Taxes	\$ 3,748,781	\$ 1,414,750	\$ 871,381
Intergovernmental	691,050	-	5,681
Licenses and permits	375,516	-	-
Fines, forfeitures and penalties	107,353	-	-
Public charges for services	374,608	66,661	-
Intergovernmental charges for services	255,709	-	-
Investment income	130,756	39,167	32,992
Miscellaneous revenues	136,664	-	-
Total Revenues	5,820,437	1,520,578	910,054
<b>EXPENDITURES</b>			
Current			
General government	907,136	-	40,962
Public safety	3,369,932	-	-
Health and social services	228,796	-	-
Public works	751,925	-	-
Leisure activities	255,513	-	-
Conservation and development	232,370	-	9,695
Capital Outlay	-	-	-
Debt Service			
Principal retirement	-	1,325,000	260,000
Other interest and fiscal charges	-	321,757	66,406
Total Expenditures	5,745,672	1,646,757	377,063
Excess (Deficiency) of Revenues Over Expenditures	74,765	(126,179)	532,991
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	-	-	-
Debt premium	-	89,595	-
Sale of capital assets	-	-	-
Transfers in	302,910	98,921	-
Transfers out	(432,647)	-	(79,213)
Total Other Financing Sources (Uses)	(129,737)	188,516	(79,213)
<b>Net Change in Fund Balances</b>	(54,972)	62,337	453,778
FUND BALANCES - Beginning of Year	2,929,348	837,769	1,227,304
<b>FUND BALANCES - END OF YEAR</b>	\$ 2,874,376	\$ 900,106	\$ 1,681,082

See accompanying notes to financial statements.

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<u>Capital Equipment and Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 310,000	\$ 833,635	\$ 7,178,547
-	344,486	1,041,217
-	102,732	478,248
-	-	107,353
-	689,335	1,130,604
-	-	255,709
43,341	32,511	278,767
<u>4,908</u>	<u>74,925</u>	<u>216,497</u>
<u>358,249</u>	<u>2,077,624</u>	<u>10,686,942</u>
-	39,661	987,759
-	13,203	3,383,135
-	-	228,796
-	472,113	1,224,038
-	988,623	1,244,136
-	33,402	275,467
2,732,466	36,644	2,769,110
-	960,000	2,545,000
-	<u>72,945</u>	<u>461,108</u>
<u>2,732,466</u>	<u>2,616,591</u>	<u>13,118,549</u>
<u>(2,374,217)</u>	<u>(538,967)</u>	<u>(2,431,607)</u>
1,690,000	995,000	2,685,000
-	2,672	92,267
2,000	-	2,000
292,305	120,634	814,770
-	<u>(40,250)</u>	<u>(552,110)</u>
<u>1,984,305</u>	<u>1,078,056</u>	<u>3,041,927</u>
(389,912)	539,089	610,320
<u>1,436,031</u>	<u>438,148</u>	<u>6,868,600</u>
<u>\$ 1,046,119</u>	<u>\$ 977,237</u>	<u>\$ 7,478,920</u>

See accompanying 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 For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$	610,320
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		2,769,110
Some items reported as capital outlay in the fund financial statements were not capitalized on the government wide statements		(166,958)
Depreciation is reported in the government-wide financial statements		(1,786,132)
Net book value of assets retired		(149,421)
<p>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.</p>		
		(671,054)
<p>Contributed capital assets are reported as revenues in the government-wide financial statements</p>		
		1,149,462
<p>Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are not recognized as revenue when earned in the government-wide statements.</p>		
		(111,740)
<p>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.</p>		
Debt issued		(2,685,000)
Principal repaid - debt		2,545,000
Principal repaid - capital lease		7,163
<p>Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. 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.</p>		
Debt premium		(89,595)
Amortization of premium		14,942
<p>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.</p>		
Compensated absences		8,545
Accrued interest on debt		22,752
Net pension liability		(1,545,278)
Deferred outflows of resources related to pensions		1,044,701
Deferred inflows of resources related to pensions		185,678
		185,678
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>1,104,396</u></b>

See accompanying notes to financial statements.

## VILLAGE OF MCFARLAND

### STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 3,095,892	\$ 1,005,408	\$ 4,101,300
Receivables			
Accounts	236,429	72,902	309,331
Due from municipality	42,732	-	42,732
Materials and supplies	19,450	-	19,450
Total Current Assets	<u>3,394,503</u>	<u>1,078,310</u>	<u>4,472,813</u>
Noncurrent Assets			
Restricted Assets			
Replacement account	450,332	-	450,332
Impact fee account	20,823	-	20,823
Capital Assets			
Property and equipment	23,362,805	5,559,278	28,922,083
Land	165,570	160,275	325,845
Less: Accumulated depreciation	(7,246,757)	(1,941,299)	(9,188,056)
Other Assets			
Water tower reserve	494,786	-	494,786
Depreciation reserve	78,790	-	78,790
Special assessment receivable	36,109	-	36,109
Property held for future use	224,112	-	224,112
Total Noncurrent Assets	<u>17,586,570</u>	<u>3,778,254</u>	<u>21,364,824</u>
Total Assets	<u>20,981,073</u>	<u>4,856,564</u>	<u>25,837,637</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related amounts	<u>189,455</u>	<u>76,303</u>	<u>265,758</u>
Total Deferred Outflows of Resources	<u>189,455</u>	<u>76,303</u>	<u>265,758</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Stormwater Utility	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 222,007	\$ 6,919	\$ 228,926
Customer deposits	5,000	-	5,000
Due to municipality	262,660	-	262,660
Accrued interest	6,471	2,116	8,587
Compensated absences	7,238	2,695	9,933
Current portion of lease	4,980	2,490	7,470
Current portion of general obligation debt	<u>415,000</u>	<u>155,000</u>	<u>570,000</u>
Total Current Liabilities	<u>923,356</u>	<u>169,220</u>	<u>1,092,576</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	2,595,000	360,000	2,955,000
Unamortized debt premium	60,867	2,465	63,332
Other Liabilities			
Net pension liability	57,937	26,800	84,737
Compensated absences	43,462	8,311	51,773
Lease obligation	<u>30,425</u>	<u>15,212</u>	<u>45,637</u>
Total Noncurrent Liabilities	<u>2,787,691</u>	<u>412,788</u>	<u>3,200,479</u>
Total Liabilities	<u>3,711,047</u>	<u>582,008</u>	<u>4,293,055</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related amounts	<u>93,253</u>	<u>39,045</u>	<u>132,298</u>
Total Deferred Inflows of Resources	<u>93,253</u>	<u>39,045</u>	<u>132,298</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,175,346	3,243,087	16,418,433
Restricted for			
Equipment replacement	450,332	-	450,332
Impact fees	20,823	-	20,823
Unrestricted net position	<u>3,719,727</u>	<u>1,068,727</u>	<u>4,788,454</u>
<b>TOTAL NET POSITION</b>	<u>\$ 17,366,228</u>	<u>\$ 4,311,814</u>	<u>\$ 21,678,042</u>

See accompanying notes to financial statements.

## VILLAGE OF MCFARLAND

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Water	\$ 1,095,992	\$ -	\$ 1,095,992
Sewer	1,118,009	-	1,118,009
Stormwater	-	541,241	541,241
Total Operating Revenues	<u>2,214,001</u>	<u>541,241</u>	<u>2,755,242</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	1,643,897	294,045	1,937,942
Depreciation	465,984	134,008	599,992
Total Operating Expenses	<u>2,109,881</u>	<u>428,053</u>	<u>2,537,934</u>
Operating Income	<u>104,120</u>	<u>113,188</u>	<u>217,308</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest on investments	81,580	23,454	105,034
Interest expense	(56,766)	(14,190)	(70,956)
Debt issuance cost	(15,402)	-	(15,402)
Miscellaneous revenues	-	575	575
Amortization of debt premium	7,256	1,366	8,622
Loss on sale of equipment	(287)	-	(287)
Total Nonoperating Revenues (Expenses)	<u>16,381</u>	<u>11,205</u>	<u>27,586</u>
Income Before Contributions and Transfers	<u>120,501</u>	<u>124,393</u>	<u>244,894</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	678,404	146,778	825,182
Transfers - tax equivalent	(262,660)	-	(262,660)
Total Contributions and Transfers	<u>415,744</u>	<u>146,778</u>	<u>562,522</u>
<b>Change in Net Position</b>	536,245	271,171	807,416
NET POSITION - Beginning of Year	<u>16,829,983</u>	<u>4,040,643</u>	<u>20,870,626</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 17,366,228</u>	<u>\$ 4,311,814</u>	<u>\$ 21,678,042</u>

See accompanying notes to financial statements.

## VILLAGE OF MCFARLAND

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 1,911,395	\$ 542,862	\$ 2,454,257
Received from village for services	325,092	-	325,092
Paid to suppliers for goods and services	(1,533,519)	(202,376)	(1,735,895)
Paid to employees for services	<u>(103,537)</u>	<u>(103,537)</u>	<u>(207,074)</u>
Net Cash Flows From Operating Activities	<u>599,431</u>	<u>236,949</u>	<u>836,380</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>81,580</u>	<u>23,454</u>	<u>105,034</u>
Net Cash Flows From Investing Activities	<u>81,580</u>	<u>23,454</u>	<u>105,034</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(404,775)	(152,388)	(557,163)
Interest paid	(54,778)	(14,190)	(68,968)
Net premium and issuance costs	28,793	-	28,793
Proceeds from debt issue	720,000	-	720,000
Acquisition and construction of capital assets	(701,008)	(181,791)	(882,799)
Capital contributions received	<u>251,708</u>	<u>17,108</u>	<u>268,816</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(160,060)</u>	<u>(331,261)</u>	<u>(491,321)</u>
<b>Net Change in Cash and Cash Equivalents</b>	520,951	(70,858)	450,093
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,619,672</u>	<u>1,076,266</u>	<u>4,695,938</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,140,623</u>	<u>\$ 1,005,408</u>	<u>\$ 5,146,031</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Stormwater Utility	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 104,120	\$ 113,188	\$ 217,308
Nonoperating revenue	-	575	575
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	465,984	134,008	599,992
Depreciation charged to other funds	20,696	-	20,696
Changes in assets, deferred outflows, liabilities, and deferred inflows			
Accounts receivable	3,420	746	4,166
Other receivables	812	300	1,112
Accrued wages	-	(23,570)	(23,570)
Other current liabilities	-	(588)	(588)
Compensated absences	(14,533)	-	(14,533)
Due from municipality	(2,442)	-	(2,442)
Pension-related amounts	22,058	9,511	31,569
Accounts payable	(684)	2,779	2,095
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 599,431</b>	<b>\$ 236,949</b>	<b>\$ 836,380</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments	\$ 3,095,892	\$ 1,005,408	\$ 4,101,300
Restricted cash and investments			
Replacement account	450,332	-	450,332
Other assets			
Impact fee account	20,823	-	20,823
Water tower reserve	494,786	-	494,786
Depreciation reserve	78,790	-	78,790
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 4,140,623</b>	<b>\$ 1,005,408</b>	<b>\$ 5,146,031</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Amortization of debt premium	\$ 7,265	\$ 1,366	
Loss on sale of asset	\$ 287	\$ -	
Developer financed additions to plant	\$ 426,696	\$ 129,670	

See accompanying notes to financial statements.

**VILLAGE OF MCFARLAND**

STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUND  
As of December 31, 2019

---

	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 13,129,714
Taxes	<u>2,008,668</u>
Total Assets	<u>15,138,382</u>
<b>LIABILITIES</b>	
Due to other governments	<u>15,138,382</u>
Total Liabilities	<u>15,138,382</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**VILLAGE OF MCFARLAND**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUND**

For the Year Ended December 31, 2019

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	Tax Collection Fund
<b>ADDITIONS</b>	
Property taxes collected for other governments	\$ 10,617,938
Total Additions	<u>10,617,938</u>
<b>DEDUCTIONS</b>	
Property taxes distributed to other governments	<u>10,617,938</u>
Total Deductions	<u>10,617,938</u>
<b>Change in Fiduciary Net Position</b>	-
NET POSITION - Beginning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

# VILLAGE OF MCFARLAND

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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<b>NOTE</b>	<b>Page</b>
I Summary of Significant Accounting Policies	18
A. Reporting Entity	18
B. Government-Wide and Fund Financial Statements	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	22
1. Deposits and Investments	22
2. Receivables	23
3. Inventories and Prepaid Items	24
4. Restricted Assets	25
5. Capital Assets	25
6. Other Assets	26
7. Deferred Outflows of Resources	26
8. Compensated Absences	26
9. Long-Term Obligations	26
10. Deferred Inflows of Resources	27
11. Equity Classifications	27
12. Pension	29
13. Basis for Existing Rates	29
14. Assets Held for Resale	29
II Stewardship, Compliance, and Accountability	29
A. Excess Expenditures Over Appropriations	30
B. Deficit Balances	30
C. Limitations on the Village's Tax Levy	30
III Detailed Notes on All Funds	31
A. Deposits and Investments	31
B. Receivables	32
C. Restricted Assets	33
D. Capital Assets	33
E. Interfund Receivables/Payables, Advances and Transfers	38
F. Long-Term Obligations	41
G. Lease Disclosures	44
H. Net Position/Fund Balances	44
IV Other Information	46
A. Employees' Retirement System	46
B. Risk Management	52
C. Commitments and Contingencies	52
D. Tax Abatement	53
E. Effect of New Accounting Standards on Current-Period Financial Statements	54

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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).

#### **A. 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.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

#### **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.

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***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% 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% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- 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 - 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.
- General Debt Service Fund - 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.
- TIF No. 3 Capital Project Fund - accounts 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 - accounts for financial resources to be used for the acquisition or construction of equipment and/or major facilities.

The village reports the following major enterprise funds:

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

# VILLAGE OF MCFARLAND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

#### ***Fund Financial Statements (cont.)***

The village reports the following nonmajor governmental funds:

Special Revenue Funds - 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	Library
Parks	Solid Waste
Youth Center	Employee Retirement
Canine	

Capital Projects Funds - 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 - 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

### ***C. 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.

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***Government-Wide Financial Statements (cont.)***

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 stormwater 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.

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

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***Fund Financial Statements (cont.)***

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 stormwater 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.

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. 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.
- 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.

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

The village has adopted an investment policy. As described in Note III.A., 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 III.A. 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, 2019, 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 III. A. for further information.

##### ***2. 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 As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

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 stormwater 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.

##### ***3. 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.

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

##### **4. 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.

##### **5. 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.

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. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. 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

# VILLAGE OF MCFARLAND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **5. Capital Assets (cont.)**

##### ***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.

#### **6. Other Assets**

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

#### **7. 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.

#### **8. 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, 2019, are determined on the basis of current salary rates and include salary related payments.

#### **9. 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.

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

***9. Long-Term Obligations/Conduit Debt (cont.)***

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.

***10. 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.

***11. 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:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 34,348,776	\$ 16,418,433	\$ (820,486)	\$ 49,946,723
Unrestricted	2,573,690	4,788,454	820,486	8,182,630

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  
As of and for the Year Ended December 31, 2019

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***11. Equity Classifications (cont.)***

##### ***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% of the subsequent years budgeted general fund expenditures, with a targeted maximum of 25%. The balance at year end was \$2,337,435 or 36%, and is included in unassigned general fund balance.

See Note III. H. for further information.

# VILLAGE OF MCFARLAND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **12. 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.

#### **13. Basis for Existing Rates**

##### ***Water***

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

##### ***Sewer***

Current sewer rates were approved by the village board on December 28, 2015 and implemented on January 1, 2016.

##### ***Stormwater***

Current stormwater utility rates were approved by the village board on December 28, 2015 and implemented on January 1, 2016.

#### **14. 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.

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## **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

#### **A. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General	\$ 5,932,000	\$ 6,178,319	\$ 246,319
General debt service	1,610,750	1,646,757	36,007
TIF No. 5 capital project	30,500	1,047,842	1,017,342

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.

#### **B. DEFICIT BALANCES**

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

As of December 31, 2019, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF No. 4 capital project	\$ 334,061	Excess expenditures over appropriations
TIF No. 5 capital project	147,635	Excess expenditures over appropriations

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.

#### **C. 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.

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE III - DETAILED NOTES ON ALL FUNDS

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#### *A. DEPOSITS 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	\$ 15,753,961	\$ 14,871,448	Custodial credit risk
LGIP	9,829,614	9,810,807	Credit risk
Petty cash	<u>447</u>	<u>-</u>	N/A
Total Deposits and Investments	<u>\$ 25,584,022</u>	<u>\$ 24,682,255</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 11,914,656		
Restricted cash and investments	539,652		
Per statement of assets and liabilities - agency fund			
Tax collection fund	<u>13,129,714</u>		
Total Deposits and Investments	<u>\$ 25,584,022</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.

The village maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$14,530,918 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.

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **A. DEPOSITS AND INVESTMENTS (cont.)**

##### ***Custodial Credit Risk*** (cont.)

##### **Deposits** (cont.)

As of December 31, 2019, \$80,036 of the village's total bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$</u>	<u>80,036</u>
 Total	 <u>\$</u>	 <u>80,036</u>

##### ***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 I.D.1. for further information on deposit and investment policies.

#### **B. RECEIVABLES**

All receivable balances are expected to be collected within one year with the exception of: delinquent property taxes (\$4,531), delinquent special assessments (\$860), and loans receivable (\$252,201). Receivables in the general fund are reported net of uncollectible ambulance receivables in the amount of \$71,237.

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	\$ 7,714,411	\$ -	
Accounts receivable	-	34,988	
Youth center revenue	40,250	-	
Loans not yet due	2,298	-	
Developer payments	<u>120,446</u>	<u>-</u>	
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 7,877,405</u>	 <u>\$ 34,988</u>	

**VILLAGE OF MCFARLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. 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.

***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.

Following is a list of restricted assets at December 31, 2019:

	Restricted Assets
Replacement account	\$ 450,332
Impact fee account	89,320
Total	\$ 539,652

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 13,927,157	\$ 844,594	\$ -	\$ 14,771,751
Construction in progress	-	495,333	-	495,333
Total Capital Assets Not Being Depreciated/Amortized	13,927,157	1,339,927	-	15,267,084

## VILLAGE OF MCFARLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Capital assets being depreciated/amortized				
Land improvements	\$ 1,443,470	\$ 77,090	\$ -	\$ 1,520,560
Buildings	11,251,716	444,369	-	11,696,085
Machinery and equipment	2,475,474	326,968	170,260	2,632,182
Streets	21,515,154	529,013	-	22,044,167
Sidewalks	4,465,120	176,080	-	4,641,200
Vehicles	3,857,507	763,033	400,590	4,219,950
Library improvements and collection	1,209,495	95,134	7,676	1,296,953
Intangibles	<u>124,274</u>	<u>-</u>	<u>-</u>	<u>124,274</u>
Total Capital Assets Being Depreciated/Amortized	<u>46,342,210</u>	<u>2,411,687</u>	<u>578,526</u>	<u>48,175,371</u>
Total Capital Assets	<u>60,269,367</u>	<u>3,751,614</u>	<u>578,526</u>	<u>63,442,455</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(389,711)	(58,482)	-	(448,193)
Buildings	(2,013,517)	(147,329)	-	(2,160,846)
Machinery and equipment	(922,603)	(179,313)	153,234	(948,682)
Streets	(8,124,061)	(616,977)	-	(8,741,038)
Sidewalks	(3,115,284)	(141,845)	-	(3,257,129)
Vehicles	(1,725,852)	(559,009)	268,195	(2,016,666)
Library improvements and collection	(642,609)	(76,612)	7,676	(711,545)
Intangibles	<u>(23,841)</u>	<u>(6,565)</u>	<u>-</u>	<u>(30,406)</u>
Total Accumulated Depreciation/Amortization	<u>(16,957,478)</u>	<u>(1,786,132)</u>	<u>429,105</u>	<u>(18,314,505)</u>
Net Capital Assets Being Depreciated/Amortized	<u>29,384,732</u>	<u>625,555</u>	<u>149,421</u>	<u>29,860,866</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 43,311,889</u>	<u>\$ 1,965,482</u>	<u>\$ 149,421</u>	<u>\$ 45,127,950</u>

Depreciation/amortization expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 113,162
Public safety	313,278
Public works, which includes the depreciation of infrastructure	1,110,403
Leisure activities	<u>249,289</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,786,132</u>

## VILLAGE OF MCFARLAND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

##### Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 87,550	\$ -	\$ -	\$ 87,550
Total Capital Assets Not Being Depreciated	87,550	-	-	87,550
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	14,316,916	780,397	44,622	15,052,691
General	426,210	55,422	-	481,632
Total Capital Assets Being Depreciated	15,316,573	835,819	44,622	16,107,770
Total Capital Assets	15,404,123	835,819	44,622	16,195,320
Less: Accumulated depreciation for				
Water	(4,521,588)	(335,816)	44,622	(4,812,782)
Total Accumulated Depreciation	(4,521,588)	(335,816)	44,622	(4,812,782)
Net Capital Assets Being Depreciated	10,794,985	500,003	-	11,294,988
Net Water Capital Assets	\$ 10,882,535	\$ 500,003	\$ -	\$ 11,382,538

**VILLAGE OF MCFARLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 78,020	\$ -	\$ -	\$ 78,020
Total Capital Assets Not Being Depreciated	<u>78,020</u>	<u>-</u>	<u>-</u>	<u>78,020</u>
Capital assets being depreciated				
Collecting system	5,589,066	236,464	-	5,825,530
Collecting system pumping	1,043,088	-	-	1,043,088
General	<u>330,995</u>	<u>55,422</u>	<u>-</u>	<u>386,417</u>
Total Capital Assets Being Depreciated	<u>6,963,149</u>	<u>291,886</u>	<u>-</u>	<u>7,255,035</u>
Total Capital Assets	<u>7,041,169</u>	<u>291,886</u>	<u>-</u>	<u>7,333,055</u>
Less: Accumulated depreciation for				
Collecting system pumping	(102,137)	-	-	(102,137)
Sewer	<u>(2,180,686)</u>	<u>(151,152)</u>	<u>-</u>	<u>(2,331,838)</u>
Total Accumulated Depreciation	<u>(2,282,823)</u>	<u>(151,152)</u>	<u>-</u>	<u>(2,433,975)</u>
Net Capital Assets Being Depreciated	<u>4,680,326</u>	<u>140,734</u>	<u>-</u>	<u>4,821,060</u>
Net Sewer Capital Assets	<u>\$ 4,758,346</u>	<u>\$ 140,734</u>	<u>\$ -</u>	<u>\$ 4,899,080</u>

**VILLAGE OF MCFARLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Land and land rights	\$ 160,275	\$ -	\$ -	\$ 160,275
Total Capital Assets Not Being Depreciated	160,275	-	-	160,275
Capital assets being depreciated				
Stormwater	5,247,817	311,461	-	5,559,278
Total Capital Assets Being Depreciated	5,247,817	311,461	-	5,559,278
Total Capital Assets	5,408,092	311,461	-	5,719,553
Less: Accumulated depreciation for				
Stormwater	(1,807,291)	(134,008)	-	(1,941,299)
Total Accumulated Depreciation	(1,807,291)	(134,008)	-	(1,941,299)
Net Capital Assets Being Depreciated	3,440,526	177,453	-	3,617,979
Net Stormwater Capital Assets	\$ 3,600,801	\$ 177,453	\$ -	\$ 3,778,254
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 19,241,682	\$ 818,190	\$ -	\$ 20,059,872

Depreciation/amortization expense was charged to functions as follows:

<b>Business-type Activities</b>	
Water	\$ 314,832
Sewer	151,152
Stormwater	134,008
Total Business-type Activities Depreciation Expense	\$ 599,992

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.

**VILLAGE OF MCFARLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. 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:

Receivable Fund	Payable Fund	Amount
Water and sewer utility	General fund	\$ 42,732
General fund	Water and sewer utility	<u>262,600</u>
Total - Fund Financial Statements		305,332
Less: Government-wide eliminations		<u>(85,464)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 219,868</u></u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 262,600
Business-type Activities	Governmental Activities	<u>(42,732)</u>
Total Government-Wide Financial Statements		<u><u>\$ 219,868</u></u>

All amounts are due within one year.

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 2019 was 0.45%. A repayment schedule was established in 2017 for a portion of the advance. An additional amount (\$43,763) was advanced in 2018. TIF No. 3 is also advancing funds to TIF No. 5. The amount advanced is determined by the amount of deficit cash as of December 31, 2019. No repayment schedule has been established for the TIF No. 5 advance.

**VILLAGE OF MCFARLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

***Advances (cont.)***

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	\$ 403,603	\$ 353,943
TIF No. 3 capital projects	TIF No. 4 capital projects	43,763	43,763
TIF No. 3 capital projects	TIF No. 5 capital projects	147,635	147,635
Total - Fund Financial Statements		595,001	
Less: Fund eliminations		(595,001)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

The principal purpose of this advance is to make up for excess expenditures over revenues.

Years	Principal	Interest
2020	\$ 49,660	\$ 1,820
2021	49,883	1,596
2022	50,108	1,371
2023	50,334	1,145
2024	50,561	918
2025-2027	153,057	1,383
Totals	\$ 403,603	\$ 8,233

## VILLAGE OF MCFARLAND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### *E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)*

##### **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	\$ 262,660	2019 Water PILOT
General fund	Youth center	40,250	Reimburse for youth center costs incurred by general fund
TIF #4	TIF #3	79,213	Transfer from donor district TIF #3 to donee district TIF #4 per amendment to project plan
Debt service fund	General fund	98,921	To transfer funds from developers
Other capital projects fund	General fund	292,305	Reimburse capital costs incurred by capital project fund
Canine fund	General fund	<u>41,421</u>	Initial transfer of cash restricted for canine use to create the canine special revenue fund
Total - Fund Financial Statements		814,770	
Less: Fund eliminations		<u>(552,110)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 262,660</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 As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 11,570,000	\$ 2,685,000	\$ 1,615,000	\$ 12,640,000	\$ 1,740,000
General obligation notes from direct borrowings and direct placements	930,000	-	930,000	-	-
(Discounts)/Premiums	97,571	89,595	14,942	172,224	20,542
Sub-totals	<u>12,597,571</u>	<u>2,774,595</u>	<u>2,559,942</u>	<u>12,812,224</u>	<u>1,760,542</u>
Other Liabilities					
Vested compensated absences	596,348	47,030	55,575	587,803	49,065
Capital leases	60,270	-	7,163	53,107	7,470
Total Other Liabilities	<u>656,618</u>	<u>47,030</u>	<u>62,738</u>	<u>640,910</u>	<u>56,535</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 13,254,189</u>	<u>\$ 2,821,625</u>	<u>\$ 2,622,680</u>	<u>\$ 13,453,134</u>	<u>\$ 1,817,077</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 3,355,000	\$ 720,000	\$ 550,000	\$ 3,525,000	\$ 570,000
(Discounts)/Premiums	27,759	44,195	8,622	63,332	-
Sub-totals	<u>3,382,759</u>	<u>764,195</u>	<u>558,622</u>	<u>3,588,332</u>	<u>570,000</u>
Other Liabilities					
Vested compensated absences	100,397	3,290	41,981	61,706	9,933
Capital leases	60,270	-	7,163	53,107	7,470
Total Other Liabilities	<u>160,667</u>	<u>3,290</u>	<u>49,144</u>	<u>114,813</u>	<u>17,403</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 3,543,426</u>	<u>\$ 767,485</u>	<u>\$ 607,766</u>	<u>\$ 3,703,145</u>	<u>\$ 587,403</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2019, was \$52,807,680. Total general obligation debt outstanding at year end was \$16,165,000.

## VILLAGE OF MCFARLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **F. LONG-TERM OBLIGATIONS (cont.)**

##### **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.

##### **Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
G.O. refunding bonds	12/15/08	12/01/23	4.50-4.875%	\$ 1,415,000	\$ 1,155,000
State trust fund loan	03/25/08	03/15/20	2.30%	640,000	140,000
G.O. promissory notes	06/23/15	12/01/24	1.75-2.15%	2,460,000	1,775,000
G.O. refunding bonds	11/07/16	12/01/20	2.00-2.25%	1,710,000	220,000
G.O. promissory notes	07/20/17	12/01/26	2.00-2.25%	3,620,000	3,260,000
G.O. Promissory Note	06/21/18	12/01/27	3.00%	3,550,000	3,405,000
G.O. Promissory Note	07/22/19	12/01/28	2.00-3.00%	1,690,000	1,690,000
G.O. refunding bonds	07/22/19	04/01/38	2.10-3.05%	995,000	<u>995,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 12,640,000</u>

##### **Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
G.O. promissory notes	12/01/11	09/01/21	2.00-2.50%	\$ 875,000	\$ 190,000
G.O. promissory notes	06/23/15	12/01/24	1.75-2.15%	2,995,000	1,940,000
G.O. promissory notes	07/20/17	12/01/25	2.00-2.25%	845,000	675,000
G.O. Promissory Note	07/22/19	12/01/28	2.00-3.00%	720,000	<u>720,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 3,525,000</u>

**VILLAGE OF MCFARLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	\$ 1,740,000	\$ 357,941	\$ 570,000	\$ 83,250
2021	1,535,000	293,254	660,000	64,983
2022	1,615,000	249,648	575,000	51,093
2023	2,030,000	205,948	480,000	39,715
2024	1,030,000	161,422	620,000	27,915
2025-2029	4,110,000	314,003	620,000	31,550
2030-2034	305,000	65,400	-	-
2035-2038	275,000	16,988	-	-
Totals	<u>\$ 12,640,000</u>	<u>\$ 1,664,604</u>	<u>\$ 3,525,000</u>	<u>\$ 298,506</u>

**Capital Leases**

Refer to Note III. G.

**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 and the net pension liability attributable to governmental activities will be liquidated primarily by the general fund.

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

**Current Refunding**

On July 22, 2019, the village issued \$995,000 in general obligation bonds with an average coupon rate of 2.63% to refund \$930,000 of an outstanding state trust fund loan with an average coupon rate of 4.75%. The net proceeds along with existing funds of the village were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,460,176 from 2020 through 2038. The cash flow requirements on the refunding bonds are \$1,317,305 from 2020 through 2038. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$142,871.

**VILLAGE OF MCFARLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**G. LEASE DISCLOSURES**

***Lessee - Capital Leases***

In 2017 the Village acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$213,349, 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, 2019, are as follows:

Years	Governmental Activities			Business-type Activities		
	Principal	Interest	Totals	Principal	Interest	Totals
2020	\$ 7,470	\$ 2,088	\$ 9,558	\$ 7,470	\$ 2,088	\$ 9,558
2021	<u>45,637</u>	<u>160</u>	<u>45,797</u>	<u>45,637</u>	<u>160</u>	<u>45,797</u>
Totals	<u>\$ 53,107</u>	<u>\$ 2,248</u>	<u>\$ 55,355</u>	<u>\$ 53,107</u>	<u>\$ 2,248</u>	<u>\$ 55,355</u>

**H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 14,771,751
Construction in progress	495,333
Other capital assets, net of accumulated depreciation/amortization	29,860,866
Less: Long-term capital debt outstanding	(11,208,130)
Plus: Unspent capital related debt proceeds	<u>428,956</u>
Total Net Investment in Capital Assets	<u>\$ 34,348,776</u>

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### H. NET POSITION/FUND BALANCES (cont.)

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	General Fund	General Debt Service	TIF No. 3 Capital Projects	Capital Equipment and Projects	Nonmajor Funds	Totals
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Delinquent taxes and specials	\$ 5,391	\$ -	\$ -	\$ -	\$ -	\$ 5,391
Prepaid items	<u>58,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,082</u>
Sub-total	<u>63,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,473</u>
<b>Restricted for:</b>						
Debt service	-	900,106	-	-	-	900,106
TIF related purposes	-	-	1,681,082	-	-	1,681,082
Capital projects - unspent proceeds	-	-	-	428,956	-	428,956
Library purposes	-	-	-	-	179,957	179,957
Canine costs	-	-	-	-	48,997	48,997
Impact fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,497</u>	<u>68,497</u>
Sub-total	<u>-</u>	<u>900,106</u>	<u>1,681,082</u>	<u>428,956</u>	<u>297,451</u>	<u>3,307,595</u>
<b>Committed to:</b>						
Youth center	-	-	-	-	2,751	2,751
Employee retirement	-	-	-	-	137,690	137,690
EAB response/tree planting	40,815	-	-	-	-	40,815
Cable TV	-	-	-	-	90,205	90,205
Solid waste	-	-	-	-	201,149	201,149
Parks	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>681,588</u>	<u>681,588</u>
Sub-total	<u>40,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,113,383</u>	<u>1,154,198</u>
<b>Assigned to:</b>						
General capital projects	-	-	-	95,744	-	95,744
Carryovers	25,000	-	-	-	-	25,000
PILOT	262,660	-	-	-	-	262,660
Developer capital project deposits	103,228	-	-	-	-	103,228
Outreach	9,969	-	-	-	-	9,969
Vehicle replacement	-	-	-	54,796	-	54,796
Police grants	14,202	-	-	-	-	14,202
Act 102	10,588	-	-	-	-	10,588
Election equipment	7,006	-	-	-	-	7,006
Property	-	-	-	40,000	-	40,000
Facilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,623</u>	<u>-</u>	<u>426,623</u>
Sub-total	<u>432,653</u>	<u>-</u>	<u>-</u>	<u>617,163</u>	<u>-</u>	<u>1,049,816</u>
<b>Unassigned (deficit):</b>	<u>2,337,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(481,696)</u>	<u>1,855,739</u>
<b>Total Fund Balances (Deficit)</b>	<u>\$ 2,874,376</u>	<u>\$ 900,106</u>	<u>\$ 1,681,082</u>	<u>\$ 1,046,119</u>	<u>\$ 929,138</u>	<u>\$ 7,430,821</u>

# VILLAGE OF MCFARLAND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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## NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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### H. NET POSITION/FUND BALANCES (cont.)

#### **Business-type Activities**

Net Investment in Capital Assets	
Land	\$ 325,845
Other capital assets, net of accumulated depreciation	19,734,027
Less: Long-term debt outstanding	(3,578,107)
Less: Unamortized debt premium	(63,332)
Total Net Investment in Capital Assets	<u>16,418,433</u>
Restricted	
Equipment replacement	450,332
Impact fee	20,823
Total Restricted	<u>471,155</u>
Unrestricted	<u>4,788,454</u>
Total Business-type Activities Net Position	<u>\$ 21,678,042</u>

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## NOTE IV - OTHER INFORMATION

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### A. 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 1200 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 (CAFR), 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 As of and for the Year Ended December 31, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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>
2009	(2.1)%	(42.0)%
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

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**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 and 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 \$290,212 in contributions from the village.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the village reported a liability of \$946,359 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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 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, 2018, the village's proportion was 0.02660430%, which was an increase of 0.00134087% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the village recognized pension expense of \$640,403.

## VILLAGE OF MCFARLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV - OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, 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	\$ 737,071	\$ 1,302,873
Changes in assumptions	159,521	-
Net differences between projected and actual earnings on pension plan investments	1,382,094	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,886	5,809
Employer contributions subsequent to the measurement date	<u>303,691</u>	<u>-</u>
Totals	<u>\$ 2,591,263</u>	<u>\$ 1,308,682</u>

\$303,691 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, 2020. 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>
2020	\$ 358,260
2021	89,179
2022	153,348
2023	378,103

# VILLAGE OF MCFARLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

## VILLAGE OF MCFARLAND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single discount rate.** A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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  
As of and for the Year Ended December 31, 2019

**NOTE IV - OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**Sensitivity of the village's proportionate share of the net pension liability to changes in the discount rate.** The following presents the village's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the village's proportionate share of the net pension 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:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability	\$3,760,933	\$946,359	\$(1,146,493)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2019, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

**B. 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.

**C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and 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.

## VILLAGE OF MCFARLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### **NOTE IV - OTHER INFORMATION (cont.)**

#### ***D. 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 and 4 has 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>2019 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	9,200
The Atwater, LLC & Lakesonte, LLC Developer Agreement	Excess Increment	Developer guarantees value set by agreement, 100% of tax payment goes toward loan retirement	-
Ezra Properties, LLC Agreement	Excess Increment	Developer guarantees value set by agreement, 100% of tax payment goes toward loan retirement	-

# VILLAGE OF MCFARLAND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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## **NOTE IV - OTHER INFORMATION (cont.)**

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### ***E. 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. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
  
- > Statement No. 91, *Conduit Debt Obligations*

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 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,738,250	\$ 3,738,250	\$ 3,748,781	\$ 10,531
Intergovernmental	674,250	674,250	691,050	16,800
Licenses and permits	337,500	337,500	375,516	38,016
Fines, forfeitures and penalties	89,000	89,000	107,353	18,353
Public charges for services	313,250	313,250	374,608	61,358
Intergovernmental charges for services	256,750	256,750	255,709	(1,041)
Investment income	40,000	40,000	130,756	90,756
Miscellaneous revenues	147,750	147,750	136,664	(11,086)
Total Revenues	<u>5,596,750</u>	<u>5,596,750</u>	<u>5,820,437</u>	<u>223,687</u>
<b>EXPENDITURES</b>				
Current				
General government	870,000	870,000	907,136	(37,136)
Public safety	3,390,000	3,390,000	3,369,932	20,068
Health and social services	241,750	241,750	228,796	12,954
Public works	861,000	861,000	751,925	109,075
Leisure activities	356,500	356,500	255,513	100,987
Conservation and development	212,750	212,750	232,370	(19,620)
Total Expenditures	<u>5,932,000</u>	<u>5,932,000</u>	<u>5,745,672</u>	<u>186,328</u>
Excess (deficiency) of revenues over expenditures	<u>(335,250)</u>	<u>(335,250)</u>	<u>74,765</u>	<u>410,015</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	300,250	300,250	302,910	2,660
Transfers out	-	-	(432,647)	(432,647)
Total Other Financing Sources (Uses)	<u>300,250</u>	<u>300,250</u>	<u>(129,737)</u>	<u>(429,987)</u>
<b>Net Change in Fund Balance</b>	(35,000)	(35,000)	(54,972)	(19,972)
FUND BALANCE - Beginning of Year	<u>2,929,348</u>	<u>2,929,348</u>	<u>2,929,348</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,894,348</u>	<u>\$ 2,894,348</u>	<u>\$ 2,874,376</u>	<u>\$ (19,972)</u>

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF MCFARLAND

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

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%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

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%

See independent auditors' report and accompanying notes to the required supplementary information.

# VILLAGE OF MCFARLAND

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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### ***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 I. C.

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.* 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. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**SUPPLEMENTARY INFORMATION**

## VILLAGE OF MCFARLAND

### DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	<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	\$ 3,634,000	\$ 3,634,000	\$ 3,626,500	\$ (7,500)
Payments in lieu of taxes	102,500	102,500	107,649	5,149
Interest and penalties on taxes	1,750	1,750	7,531	5,781
Public accommodation (room) taxes	-	-	7,101	7,101
Total Taxes	<u>3,738,250</u>	<u>3,738,250</u>	<u>3,748,781</u>	<u>10,531</u>
<b>INTERGOVERNMENTAL</b>				
State shared revenues	109,750	109,750	109,704	(46)
Fire insurance tax (2% fire dues)	35,000	35,000	36,523	1,523
Other state shared taxes	24,250	24,250	27,428	3,178
State aid - law enforcement improvement	1,000	1,000	2,010	1,010
State aid - other public safety	6,000	6,000	6,753	753
State aid - general transportation aids	419,250	419,250	418,924	(326)
Payments for municipal services	8,750	8,750	5,207	(3,543)
In lieu of taxes on state conservation lands	250	250	118	(132)
Grants from local governments	50,500	50,500	50,351	(149)
State aid - law enforcement	19,500	19,500	19,595	95
Federal grants	-	-	14,437	14,437
Total Intergovernmental	<u>674,250</u>	<u>674,250</u>	<u>691,050</u>	<u>16,800</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	12,000	12,000	11,530	(470)
Operators' license	6,500	6,500	6,925	425
Other business and occupational licenses	3,000	3,000	4,265	1,265
Bicycle licenses	500	500	4,470	3,970
Dog and cat licenses	3,000	3,000	3,884	884
Other nonbusiness licenses	5,000	5,000	5,551	551
Nonbusiness licenses	2,000	2,000	2,722	722
Building permits	105,000	105,000	115,764	10,764
Heating and air conditioning permits	45,000	45,000	31,034	(13,966)
Plumbing permits	45,000	45,000	37,370	(7,630)
Electrical permits	50,000	50,000	47,101	(2,899)
Other regulatory permits and fees	500	500	190	(310)
Other permits	60,000	60,000	104,710	44,710
Total Licenses and Permits	<u>337,500</u>	<u>337,500</u>	<u>375,516</u>	<u>38,016</u>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	85,000	85,000	101,178	16,178
Parking violations	4,000	4,000	6,175	2,175
Total Fines, Forfeitures and Penalties	<u>89,000</u>	<u>89,000</u>	<u>107,353</u>	<u>18,353</u>

## VILLAGE OF MCFARLAND

### DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	<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	\$ 11,095	\$ 2,095
Publication fees	500	500	1,440	940
Law enforcement fees	4,000	4,000	3,294	(706)
Fire protection fees	3,500	3,500	7,173	3,673
Ambulance fees	265,000	265,000	321,066	56,066
County highway maintenance and construction	1,250	1,250	729	(521)
Park rental	16,000	16,000	16,934	934
Plan review fees	10,000	10,000	9,777	(223)
Other public charges for services	4,000	4,000	3,100	(900)
Total Public Charges for Services	<u>313,250</u>	<u>313,250</u>	<u>374,608</u>	<u>61,358</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local - law enforcement services	51,000	51,000	60,680	9,680
Local - fire services	179,250	179,250	168,029	(11,221)
Local - other services	26,500	26,500	27,000	500
Total Intergovernmental Charges for Services	<u>256,750</u>	<u>256,750</u>	<u>255,709</u>	<u>(1,041)</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	40,000	40,000	130,756	90,756
<b>MISCELLANEOUS</b>				
Rent	80,500	80,500	78,120	(2,380)
Insurance recoveries	5,000	5,000	9,083	4,083
Other miscellaneous	11,000	11,000	1,211	(9,789)
Other utility non-operating revenue one	46,000	46,000	46,000	-
Donations	5,250	5,250	2,250	(3,000)
Total Miscellaneous	<u>147,750</u>	<u>147,750</u>	<u>136,664</u>	<u>(11,086)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	300,250	300,250	302,910	2,660
Total Other Financing Sources	<u>300,250</u>	<u>300,250</u>	<u>302,910</u>	<u>2,660</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>				
	<u>\$ 5,897,000</u>	<u>\$ 5,897,000</u>	<u>\$ 6,123,347</u>	<u>\$ 226,347</u>

## VILLAGE OF MCFARLAND

### DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Council/Board	\$ 71,000	\$ 71,000	\$ 73,114	\$ (2,114)
Judicial	60,250	60,250	56,852	3,398
Administrator	75,750	75,750	78,434	(2,684)
Clerk	266,000	266,000	265,681	319
Elections	8,000	8,000	7,453	547
Data processing	48,750	48,750	57,646	(8,896)
Finance	5,500	5,500	5,479	21
Assessor	40,500	40,500	40,561	(61)
Legal	96,000	96,000	115,686	(19,686)
General buildings/plant/hall	82,000	82,000	89,068	(7,068)
Risk and property management	116,250	116,250	117,162	(912)
Total General Government	<u>870,000</u>	<u>870,000</u>	<u>907,136</u>	<u>(37,136)</u>
<b>PUBLIC SAFETY</b>				
Police	2,094,250	2,094,250	2,095,188	(938)
Fire protection	950,750	950,750	907,488	43,262
Hydrant rental	315,000	315,000	325,092	(10,092)
Ambulance	20,750	20,750	35,113	(14,363)
Emergency government	9,250	9,250	7,051	2,199
Total Public Safety	<u>3,390,000</u>	<u>3,390,000</u>	<u>3,369,932</u>	<u>20,068</u>
<b>HEALTH AND SOCIAL SERVICES</b>				
Contributions to local organizations	-	-	100	(100)
Senior outreach	241,750	241,750	228,696	13,054
Total Health and Social Services	<u>241,750</u>	<u>241,750</u>	<u>228,796</u>	<u>12,954</u>
<b>PUBLIC WORKS</b>				
Engineering	15,000	15,000	13,593	1,407
Highway and street maintenance for local	727,000	727,000	613,673	113,327
Street lighting	119,000	119,000	124,659	(5,659)
Total Public Works	<u>861,000</u>	<u>861,000</u>	<u>751,925</u>	<u>109,075</u>
<b>LEISURE ACTIVITIES</b>				
Parks	356,500	356,500	255,513	100,987
<b>CONSERVATION AND DEVELOPMENT</b>				
Planning	212,750	212,750	232,370	(19,620)
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	432,647	(432,647)
<b>TOTAL EXPENDITURES</b>	<u>\$ 5,932,000</u>	<u>\$ 5,932,000</u>	<u>\$ 6,178,319</u>	<u>\$ (246,319)</u>

## VILLAGE OF MCFARLAND

### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Special Revenue Funds			
	Cable	Library	Parks	Solid Waste
<b>ASSETS</b>				
Cash and investments	\$ 63,778	\$ 208,034	\$ 491,590	\$ 200,520
Restricted cash and investments	-	-	68,497	-
Receivables				
Ensuing year levy	24,500	575,750	-	516,809
Accounts	26,617	504	-	805
Loans	-	-	192,296	-
	-	-	192,296	-
<b>TOTAL ASSETS</b>	<b>\$ 114,895</b>	<b>\$ 784,288</b>	<b>\$ 752,383</b>	<b>\$ 718,134</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 190	\$ 28,581	\$ -	\$ 176
Advances from other funds	-	-	-	-
Total Liabilities	190	28,581	-	176
Deferred Inflows of Resources				
Unearned revenues	24,500	575,750	2,298	516,809
Total Deferred Inflows of Resources	24,500	575,750	2,298	516,809
Fund Balances				
Restricted	-	179,957	68,497	-
Committed	90,205	-	681,588	201,149
Unassigned (deficit)	-	-	-	-
Total Fund Balances	90,205	179,957	750,085	201,149
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 114,895</b>	<b>\$ 784,288</b>	<b>\$ 752,383</b>	<b>\$ 718,134</b>

Special Revenue Funds			Capital Project Funds		Total Nonmajor Govern- mental Funds
Employee Retirement Fund	Youth Center	Canine	TIF No. 4 Capital Project	TIF No. 5 Capital Project	
\$ 137,690	\$ 43,001	\$ 49,651	\$ 68,342	\$ -	\$ 1,262,606
-	-	-	-	-	68,497
50,000	25,000	-	86,635	17,708	1,296,402
-	-	-	-	-	27,926
-	-	-	59,905	-	252,201
<u>\$ 187,690</u>	<u>\$ 68,001</u>	<u>\$ 49,651</u>	<u>\$ 214,882</u>	<u>\$ 17,708</u>	<u>\$ 2,907,632</u>
\$ -	\$ -	\$ 654	\$ 14,942	\$ -	\$ 44,543
-	-	-	447,366	147,635	595,001
-	-	654	462,308	147,635	639,544
50,000	65,250	-	86,635	17,708	1,338,950
50,000	65,250	-	86,635	17,708	1,338,950
-	-	48,997	-	-	297,451
137,690	2,751	-	-	-	1,113,383
-	-	-	(334,061)	(147,635)	(481,696)
<u>137,690</u>	<u>2,751</u>	<u>48,997</u>	<u>(334,061)</u>	<u>(147,635)</u>	<u>929,138</u>
<u>\$ 187,690</u>	<u>\$ 68,001</u>	<u>\$ 49,651</u>	<u>\$ 214,882</u>	<u>\$ 17,708</u>	<u>\$ 2,907,632</u>

## VILLAGE OF MCFARLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

	Special Revenue Funds			
	Cable	Library	Parks	Solid Waste
<b>REVENUES</b>				
Taxes	\$ 24,500	\$ 544,500	\$ -	\$ 95,750
Intergovernmental	-	281,242	-	21,587
Licenses and permits	102,732	-	-	-
Public charges for services	-	14,607	260,993	413,735
Investment income	1,458	9,086	7,870	8,694
Miscellaneous revenues	322	-	-	-
Total Revenues	129,012	849,435	268,863	539,766
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Leisure activities	-	-	-	472,113
Culture, recreation and education	121,086	827,256	-	-
Conservation and development	-	-	-	-
Capital Outlay	7,991	-	-	11,629
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	129,077	827,256	-	483,742
Excess (Deficiency) of Revenues Over Expenditures	(65)	22,179	268,863	56,024
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
<b>Net Change in Fund Balances</b>	(65)	22,179	268,863	56,024
FUND BALANCES - Beginning of Year	90,270	157,778	481,222	145,125
<b>FUND BALANCES - END OF YEAR</b>	\$ 90,205	\$ 179,957	\$ 750,085	\$ 201,149

Special Revenue Funds			Capital Project Funds		Total Nonmajor Govern- mental Funds
Employee Retirement Fund	Youth Center	Canine	TIF No. 4 Capital Project	TIF No. 5 Capital Project	
\$ 50,000	\$ 25,750	\$ -	\$ 93,135	\$ -	\$ 833,635
-	40,250	-	1,407	-	344,486
-	-	-	-	-	102,732
-	-	-	-	-	689,335
3,471	782	473	677	-	32,511
-	15,000	20,306	-	39,297	74,925
<u>53,471</u>	<u>81,782</u>	<u>20,779</u>	<u>95,219</u>	<u>39,297</u>	<u>2,077,624</u>
-	-	-	20,928	18,733	39,661
-	-	13,203	-	-	13,203
-	-	-	-	-	472,113
-	40,281	-	-	-	988,623
-	-	-	-	33,402	33,402
-	-	-	17,024	-	36,644
-	-	-	30,000	930,000	960,000
-	-	-	7,238	65,707	72,945
-	<u>40,281</u>	<u>13,203</u>	<u>75,190</u>	<u>1,047,842</u>	<u>2,616,591</u>
<u>53,471</u>	<u>41,501</u>	<u>7,576</u>	<u>20,029</u>	<u>(1,008,545)</u>	<u>(538,967)</u>
-	-	-	-	995,000	995,000
-	-	-	-	2,672	2,672
-	-	41,421	79,213	-	120,634
-	(40,250)	-	-	-	(40,250)
-	<u>(40,250)</u>	<u>41,421</u>	<u>79,213</u>	<u>997,672</u>	<u>1,078,056</u>
53,471	1,251	48,997	99,242	(10,873)	539,089
<u>132,318</u>	<u>1,500</u>	<u>-</u>	<u>(433,303)</u>	<u>(136,762)</u>	<u>438,148</u>
<u>\$ 185,789</u>	<u>\$ 2,751</u>	<u>\$ 48,997</u>	<u>\$ (334,061)</u>	<u>\$ (147,635)</u>	<u>\$ 977,237</u>