

**UNIFIED SCHOOL DISTRICT
OF MARSHFIELD
MARSHFIELD, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT
AUDITORS' REPORT**

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District of Marshfield
Marshfield, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Unified School District of Marshfield's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Unified School District of Marshfield, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Wisconsin Retirement System pension schedules, Wisconsin Retirement System local retiree life insurance fund schedules, and OPEB healthcare defined benefit schedules, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unified School District of Marshfield's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the

basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020, on our consideration of the Unified School District of Marshfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Unified School District of Marshfield's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
October 22, 2020

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD
MARSHFIELD, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Unified School District of Marshfield

Management Discussion and Analysis

As management of the Unified School District of Marshfield (“District”), we offer readers of the District’s basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District’s basic financial statements which follow this narrative.

FINANCIAL HIGHLIGHTS

Total governmental activities revenue was \$58,200,623 including \$19,713,088 of property taxes and \$28,034,454 of general state and federal aid. Total governmental activities expenditures were \$48,916,417; including \$29,140,073 for direct instruction.

The District’s financial status, as reflected in total net position, increased by \$9,284,206.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Required supplementary information further explains and supports the financial statements by including a comparison of the District’s budget data for the year, and other post employment schedule of funding progress and schedule of employer contributions.

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

Major Features of the District-wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not fiduciary, such as instructional, and support services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net position. Statement of activities.	Balance sheet and statement of revenues, expenditures and changes in fund balance.	Statement of fiduciary net position and statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

DISTRICT-WIDE STATEMENTS

The district-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements include functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*. Functions that are intended to recover all or a significant portion of costs through user fees and charges (*business type activities*) are not included because the District does not have any of these activities.

FUND FINANCIAL STATEMENTS

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

The District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2020 compared to 2019. The District's combined net position increased by \$9,284,206.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2020</u>	<u>2019</u>	<u>2019 - 2020</u>
Current and other assets	\$ 21,243	\$ 17,874	18.8%
Capital assets	<u>37,119</u>	<u>32,645</u>	13.7%
Total assets	<u><u>58,362</u></u>	<u><u>50,519</u></u>	15.5%
Deferred outflows of resources	<u>12,569</u>	<u>23,368</u>	-46.2%
Long-term liabilities			
outstanding	31,581	54,421	-42.0%
Other liabilities	<u>1,569</u>	<u>2,567</u>	-38.9%
Total liabilities	<u><u>33,150</u></u>	<u><u>56,988</u></u>	-41.8%
Deferred inflows of resources	<u>28,179</u>	<u>16,582</u>	69.9%
Net position:			
Net investment in capital assets	24,792	17,356	42.8%
Restricted	5,791	684	746.6%
Unrestricted	<u>(20,981)</u>	<u>(17,722)</u>	-18.4%
Total net position	<u><u>\$ 9,602</u></u>	<u><u>\$ 317</u></u>	-2929.0%

Note: Totals may not add due to rounding.

Table 2
Changes in Net Position
(in thousands of dollars)

	Governmental Activities		Total % Change
	2020	2019	2019 - 2020
Revenues			
Program revenues			
Charges for services	\$ 710	\$ 1,028	-30.9%
Operating grants and contributions	4,250	4,678	-9.1%
General revenues			
Property taxes	19,713	19,175	2.8%
State and federal aid	28,034	26,979	3.9%
Other	5,492	6,951	-21.0%
Total revenues	<u>58,201</u>	<u>58,811</u>	-1.0%
Expenses			
Instruction	29,140	30,085	-3.1%
Pupil and instructional services	5,177	6,597	-21.5%
Administration and business	10,938	12,368	-11.6%
Interest on debt	354	389	-9.0%
Other support services	812	3,215	-74.7%
Non-program transactions	2,492	2,420	3.0%
Total expenses	<u>48,916</u>	<u>55,074</u>	-11.2%
Increase in net position	<u>\$ 9,284</u>	<u>\$ 3,737</u>	148.4%

Note: Totals may not add due to rounding.

Table 2 provides summarized operating results and their impact on net position.

The District relies primarily on state and federal aids (48%) and property taxes (34%) to fund governmental activities. These two funding sources make up 82% of the total revenues.

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

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

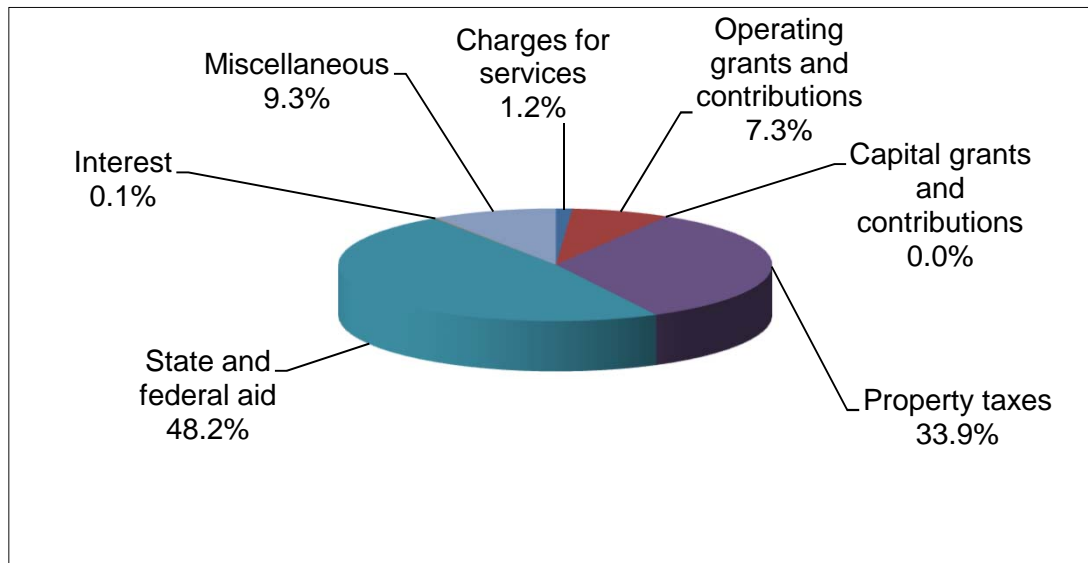
	Net Cost of Services		Total % change
	2020	2019	2019 - 2020
Instruction	\$ 26,035	\$ 26,309	-1.0%
Pupil and instructional services	4,976	6,427	-22.6%
Administration and business	9,284	10,608	-12.5%
Interest on debt	354	389	-9.0%
Other support services	812	3,215	-74.7%
Non-program transactions	2,492	2,420	3.0%
Total	\$ 43,956	\$ 49,367	-11.0%

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$48,916,417. Individuals who directly participated or benefited from a program offering paid for \$710,361 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$4,250,302. The net cost of governmental activities, \$43,955,754, was financed by general revenues of the District.

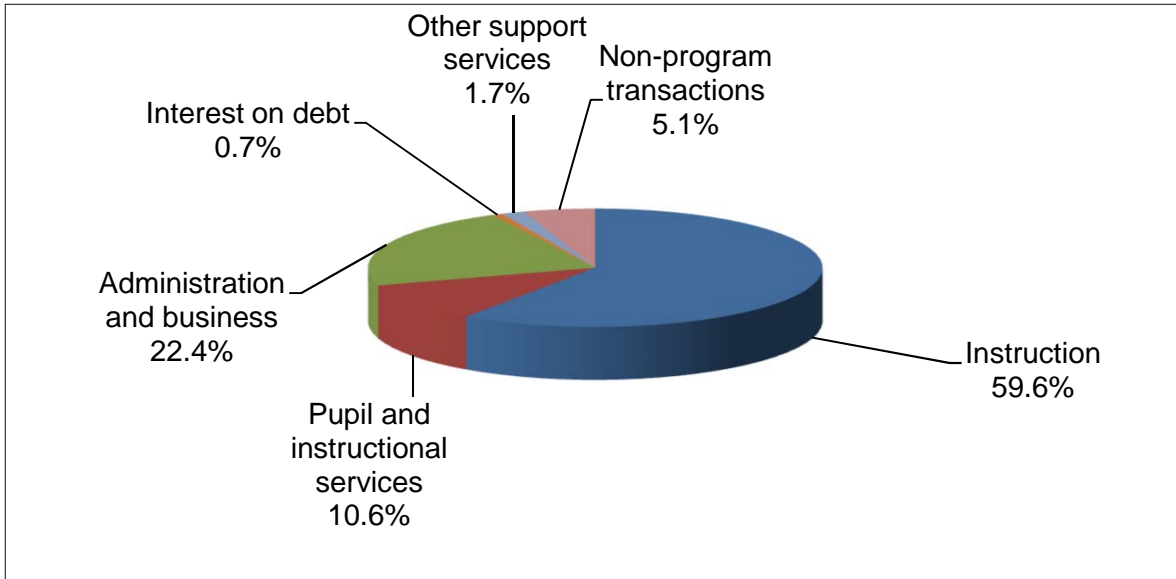
The composition of governmental revenues by source and expenditures by type are illustrated below.

Governmental Activities Revenue by Type
Chart 1



Note: Totals may not add to 100% due to rounding.

Governmental Activities Expenditure by Type
Chart 2



Note: Totals may not add to 100% due to rounding.

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$14,789,949 down from last year's ending fund balance of \$15,385,535.

The general fund had an decrease in fund balance of \$535,655.

The other governmental funds had a fund balance decrease of \$59,931.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an original budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified.

While the District's final budget for the general fund anticipated that expenditures would exceed revenues by \$15 the actual results for the year show a \$535,655 excess of expenditures over revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the District had invested \$59,514,232 in capital assets, including land, land improvements, buildings and equipment (See Table 4). Total accumulated depreciation on these assets is \$22,395,087. Asset acquisitions for governmental activities totaled \$5,633,357. The District recognized depreciation expense of \$1,143,623 for governmental activities. Detailed information about capital assets can be found in Note 3 to the financial statements.

	Governmental Activities		Total % change
	2020	2019	2019 - 2020
Land	\$ 1,039	\$ 1,039	0.0%
Land improvements	2,484	2,457	1.1%
Buildings	39,095	39,034	0.2%
Equipment	6,070	5,838	4.0%
Construction in progress	10,826	5,527	95.9%
Accumulated depreciation	(22,395)	(21,251)	5.4%
Total	<u>\$ 37,119</u>	<u>\$ 32,645</u>	13.7%

Note: Totals may not add due to rounding.

Long-Term Debt

At year-end, the District had \$31,581,045 in bonds payable and other long-term debt outstanding (see Table 5). Detailed information about the District's long-term liabilities is presented in notes to the financial statements.

	Total		Total % change
	2020	2019	2019 - 2020
General obligation debt	\$ 11,791	\$ 13,973	-15.6%
Other	19,790	40,448	-51.1%
Total	<u>\$ 31,581</u>	<u>\$ 54,421</u>	-42.0%

Note: Totals may not add due to rounding.

The District retired \$2,181,444 of bonds and notes payable during the year and other transactions, largely related to post employment benefits, decreased total debt by \$22,839,753.

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The District had an actuarial study conducted to identify its unfunded other post employment benefit liability. As of June 30, 2019, the most recent actuarial study, the unfunded actuarial accrued liability balance is \$13,732,166.

The State of Wisconsin has an open enrollment law that allows students to attend school districts of their choice with few restrictions. The state adjusts each district's general aid payment based on the number of students who transfer. This year 310 non-resident open enrollment students attended the Unified School District of Marshfield with 124 Unified School District of Marshfield students attending other schools through the open enrollment program. The number of incoming students exceeds outgoing students by 186. It is important for the District to maintain the quality of instruction and physical property to remain competitive in the open enrollment environment.

Enrollment decreased for the 2019-2020 school year by 27 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Pat Saucerman, Director of Business Services, Unified School District of Marshfield, 1010 E. 4th Street, Marshfield, WI 54449.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD
MARSHFIELD, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD
MARSHFIELD, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

UNIFIED SCHOOL DISTRICT OF MARSHFIELD

STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and investments	\$ 9,217,635
Receivables	
Taxes	5,823,931
Accounts	126,848
Due from other governments	1,101,563
Inventory	24,697
Wisconsin Retirement System net pension	4,947,845
Capital assets (net of accumulated depreciation)	
Capital assets - not being depreciated	11,865,727
Capital assets - being depreciated	<u>25,253,418</u>
TOTAL ASSETS	<u>58,361,664</u>
DEFERRED OUTFLOWS OF RESOURCES	
Charge on refunding	449,899
Wisconsin Retirement System pension	10,684,255
Wisconsin Retirement System LRLIF	<u>1,435,138</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,569,292</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>70,930,956</u></u>
LIABILITIES	
Accounts payable	121,671
Self insurance claims payable	193,476
Accrued liabilities	
Payroll, payroll taxes, insurance	1,030,849
Interest	64,246
Due to other governments	399
Deposits payable	84,963
Unearned revenue	73,367
Current portion of long-term obligations	5,562,064
Noncurrent portion of long-term obligations	<u>26,018,981</u>
TOTAL LIABILITIES	<u>33,150,016</u>
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	14,839,894
Wisconsin Retirement System LRLIF	613,728
OPEB healthcare	<u>12,725,674</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>28,179,296</u>
NET POSITION	
Net investment in capital assets	24,791,549
Restricted for	
Capital projects	644,807
Other activities	5,146,159
Unrestricted	<u>(20,980,871)</u>
TOTAL NET POSITION	<u>9,601,644</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 70,930,956</u></u>

The accompanying notes are an integral part of these statements.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 19,461,563	\$ -	\$ -	\$ (19,461,563)
Vocational instruction	1,926,825	-	28,900	(1,897,925)
Special instruction	5,430,232	58,382	2,552,923	(2,818,927)
Other instruction	2,321,453	54,104	410,835	(1,856,514)
Total instruction	<u>29,140,073</u>	<u>112,486</u>	<u>2,992,658</u>	<u>(26,034,929)</u>
Support services				
Pupil services	2,677,848	-	-	(2,677,848)
Instructional staff services	2,499,610	-	201,003	(2,298,607)
General administration services	1,062,028	-	-	(1,062,028)
Building administration services	3,294,337	-	-	(3,294,337)
Business services	6,582,095	597,875	1,056,641	(4,927,579)
Central services	141,565	-	-	(141,565)
Insurance	670,086	-	-	(670,086)
Interest and other	353,560	-	-	(353,560)
Community services	3,586	-	-	(3,586)
Total support services	<u>17,284,715</u>	<u>597,875</u>	<u>1,257,644</u>	<u>(15,429,196)</u>
Non-program transactions	<u>2,491,629</u>	<u>-</u>	<u>-</u>	<u>(2,491,629)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 48,916,417</u>	<u>\$ 710,361</u>	<u>\$ 4,250,302</u>	<u>(43,955,754)</u>
General revenues				
Taxes				
Property taxes				19,713,088
State and federal aids not restricted to specific functions				28,034,454
Interest and investment earnings				64,752
Miscellaneous				5,427,666
Total general revenues				<u>53,239,960</u>
CHANGE IN NET POSITION				9,284,206
NET POSITION - BEGINNING OF YEAR				317,438
NET POSITION - END OF YEAR				<u>\$ 9,601,644</u>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD
MARSHFIELD, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

UNIFIED SCHOOL DISTRICT OF MARSHFIELD

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	GENERAL	FOOD SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ 8,197,919	\$ 53,317	\$ 966,399	\$ 9,217,635
Receivables				
Accounts	2,988	10,039	113,821	126,848
Taxes	5,823,931	-	-	5,823,931
Due from other governments	1,014,062	87,501	-	1,101,563
Inventories	-	24,697	-	24,697
TOTAL ASSETS	15,038,900	\$ 175,554	1,080,220	16,294,674
LIABILITIES				
Accounts payable	76,062	8,919	36,690	121,671
Self insurance claims payable	193,476	-	-	193,476
Payroll, payroll taxes, insurance	942,120	88,729	-	1,030,849
Due to other governments	399	-	-	399
Deposits payable	80,424	4,539	-	84,963
Unearned revenue	-	73,367	-	73,367
TOTAL LIABILITIES	1,292,481	175,554	36,690	1,504,725
FUND BALANCES				
Restricted	198,314	-	644,807	843,121
Assigned	68,378	-	398,723	467,101
Unassigned	13,479,727	-	-	13,479,727
TOTAL FUND BALANCES	13,746,419	-	1,043,530	14,789,949
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,038,900	\$ 175,554	\$ 1,080,220	

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital assets	\$ 59,514,232	
Governmental accumulated depreciation	(22,395,087)	37,119,145

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements.

1,613,616

Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements.

(12,725,674)

Long term assets and liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term assets and liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	\$ (11,791,136)	
Charge on refunding	449,899	
Premium	(198,220)	
Capital leases payable	(788,139)	
Accrued interest payable	(64,246)	
Vested employee benefits	(1,407,378)	
WRS liability	(3,664,006)	
Net OPEB obligation	(13,732,166)	(31,195,392)

Total net position - governmental activities **\$ 9,601,644**

The accompanying notes are an integral part of these statements.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	GENERAL	FOOD SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property taxes	\$ 17,491,063	\$ -	\$ 2,222,025	\$ 19,713,088
Other local sources	1,215,090	599,943	2,157,428	3,972,461
Interdistrict sources	2,492,376	-	-	2,492,376
Intermediate sources	88,848	-	-	88,848
State sources	28,777,961	21,259	-	28,799,220
Federal sources	2,066,271	916,168	-	2,982,439
Other sources	137,421	917	12,578	150,916
TOTAL REVENUES	52,269,030	1,538,287	4,392,031	58,199,348
EXPENDITURES				
Current				
Instruction				
Regular instruction	18,581,083	-	394,488	18,975,571
Vocational instruction	1,878,009	-	3,535	1,881,544
Special instruction	5,316,085	-	-	5,316,085
Other instruction	2,143,936	-	30,149	2,174,085
Total instruction	27,919,113	-	428,172	28,347,285
Support services				
Pupil services	2,623,405	-	4,893	2,628,298
Instructional staff services	2,460,833	-	-	2,460,833
General administration services	1,040,913	835	-	1,041,748
Building administration services	2,430,692	-	297	2,430,989
Business services	5,515,821	1,574,212	2,301	7,092,334
Central services	140,775	-	-	140,775
Insurance	646,507	23,579	-	670,086
Other support services	2,318,585	26,382	-	2,344,967
Total support services	17,177,531	1,625,008	7,491	18,810,030
Non-program transactions	2,476,507	-	-	2,476,507
Debt service				
Principal	820,757	-	2,181,444	3,002,201
Interest	42,995	-	282,392	325,387
Total debt service	863,752	-	2,463,836	3,327,588
Capital outlay	4,022,084	23,199	1,788,241	5,833,524
TOTAL EXPENDITURES	52,458,987	1,648,207	4,687,740	58,794,934
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(189,957)	\$ (109,920)	(295,709)	(595,586)
OTHER FINANCING SOURCES (USES)				
Net transfer (to) from other funds	(345,698)	103,887	241,811	-
TOTAL OTHER FINANCING SOURCES (USES)	(345,698)	103,887	241,811	-
NET CHANGE IN FUND BALANCE	(535,655)	(6,033)	(53,898)	(595,586)
FUND BALANCE - BEGINNING OF YEAR	14,282,074	6,033	1,097,428	15,385,535
FUND BALANCE - END OF YEAR	\$ 13,746,419	\$ -	\$ 1,043,530	\$ 14,789,949

The accompanying notes are an integral part of these statements.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds \$ (595,586)

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental fund statements	\$ 5,833,524	
Less noncapitalized outlay	(200,167)	
Depreciation expense reported in the statement of activities	(1,143,623)	
Net book value of capital assets disposed	<u>(15,122)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		4,474,612

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

This year the accrual of these benefits increased by:		(316,671)
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Certain revenues are unearned in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year.

Other revenue recognized in the statement of activities:		1,275
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Wisconsin Retirement System pension asset, deferred inflows of resources, liability, and deferred outflows of resources changes:

(306,114)

Wisconsin Retirement System LRLIF asset, deferred inflows of resources, liability, and deferred outflows of resources changes:

(256,159)

Other post employment benefits deferred outflows of resources, liability, and deferred inflows of resources changes:

3,308,821

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:		3,002,201
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In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.

The amount of interest and other debt costs paid during the current period is	325,387	
The amount of interest and other debt cost accrued during the current period is	<u>(353,560)</u>	
Interest paid is less than interest accrued by:		<u>(28,173)</u>

Change in net position - governmental activities		<u>\$ 9,284,206</u>
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UNIFIED SCHOOL DISTRICT OF MARSHFIELD
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	SCHOLARSHIP TRUST	AGENCY FUND STUDENT ACTIVITY
ASSETS		
Cash and investments	\$ 2,439	\$ 160,397
TOTAL ASSETS	2,439	160,397
LIABILITIES		
Due to student organizations	-	160,397
NET POSITION		
Net position held in trust	2,439	-
TOTAL LIABILITIES AND NET POSITION	\$ 2,439	\$ 160,397

The accompanying notes are an integral part of these statements.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS - SCHOLARSHIPS
YEAR ENDED JUNE 30, 2020

	SCHOLARSHIP TRUST
ADDITIONS	
Interest	\$ 44
CHANGE IN NET POSITION	44
NET POSITION - BEGINNING OF YEAR	2,395
NET POSITION - END OF YEAR	\$ 2,439

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD
MARSHFIELD, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies

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

Reporting Entity - The Unified School District of Marshfield is organized as a common school district governed by an elected seven-member school board. The District operates grades 4K through grade 12. The District is comprised of all or parts of twelve taxing districts.

The District's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis Of Presentation

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

Food Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditures for food service.

The District has two fiduciary funds. The District accounts for assets held as an agent for various student organizations and scholarships are held in a private purpose trust fund.

Measurement Focus and Basis of Accounting

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

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

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Cash and Investments - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

Investments are stated at fair value, if applicable, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. 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 investment balances.

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installments of real estate taxes are collected by city and village treasurers who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Third installments of real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31, and a final payment no later than the following July 31. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20 of each subsequent month thereafter. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2019 tax levy is used to finance operations of the District's fiscal year ended June 30, 2020. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

Accounts Receivable - Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Due To/From Other Funds - 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. The amounts reported on the statement of net position for receivable/payable from external parties represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Inventories - Inventories are valued at cost using the first-in/first-out method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Capital Assets - Capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	50 years
Building improvements	\$ 5,000	Straight-line	20-25 years
Site improvements	\$ 5,000	Straight-line	10-20 years
Furniture and equipment	\$ 5,000	Straight-line	5-15 years
Computer and related technology	\$ 5,000	Straight-line	5-10 years
Library books *	\$ 5,000	Straight-line	10 years

* For purposes of determining the capitalization threshold for this item the District groups all purchases for the year.

Debt Premiums and Discounts - In the government-wide financial statements, debt premiums and discounts are amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - The District's policy permits employees to accumulate earned, but unused vacation and sick pay benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

Pensions - For purposes of measuring the net pension liability (asset), 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

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

Other Post Employment Benefits (OPEB) - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, Wisconsin Retirement System pension, and Wisconsin Retirement System local retiree life insurance fund (LRLIF) reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Wisconsin Retirement System pension and Wisconsin Retirement System LRLIF results from changes in its actuarial studies and is amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has three type of items, Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare, which qualify for reporting in this category. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in its actuarial studies and is amortized over the average of the expected remaining service lives of participants.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the Director of Business Services to assign fund balances through its fund balance policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against unassigned fund balance, then assigned fund balance, then committed fund balance and lastly to restricted fund balance. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of June 30, 2020, the District had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Wisconsin Investment Series Cooperative	Less than one year	\$ 250,148
Certificate of deposit	Less than one year	397,196
Total		<u>\$ 647,344</u>

Determining Fair Value - The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurement:

- 1) Wisconsin Investment Series Cooperative is determined based on published market quotations (level 2 inputs).

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than seven years of the date acquired. The District has an investment policy that does not further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 2 - Cash and Investments - Continued

has an investment policy that would further limit its investment choices. The Wisconsin Investment Series Cooperative is not rated.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does have a deposit policy for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2020, \$7,950,228 of the District's bank balance of \$9,496,391 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by a letter of credit.

NOTE 3 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Adjustment	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,039,420	\$ -	\$ -	\$ -	\$ 1,039,420
Construction in progress	<u>5,527,362</u>	<u>5,298,945</u>	<u>-</u>	<u>-</u>	<u>10,826,307</u>
Total capital assets not being depreciated	<u>6,566,782</u>	<u>5,298,945</u>	<u>-</u>	<u>-</u>	<u>11,865,727</u>
Capital assets being depreciated:					
Land improvements	2,456,897	26,649	-	-	2,483,546
Buildings and improvements	39,034,060	60,719	-	-	39,094,779
Equipment	<u>5,838,258</u>	<u>247,044</u>	<u>-</u>	<u>(15,122)</u>	<u>6,070,180</u>
Total capital assets being depreciated	<u>47,329,215</u>	<u>334,412</u>	<u>-</u>	<u>(15,122)</u>	<u>47,648,505</u>
Less accumulated depreciation for:					
Land improvements	(2,091,974)	(94,092)	-	558,943	(1,627,123)
Buildings and improvements	(15,089,850)	(745,735)	-	(559,259)	(16,394,844)
Equipment	<u>(4,069,640)</u>	<u>(303,796)</u>	<u>-</u>	<u>316</u>	<u>(4,373,120)</u>
Total accumulated depreciation	<u>(21,251,464)</u>	<u>(1,143,623)</u>	<u>-</u>	<u>-</u>	<u>(22,395,087)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>26,077,751</u>	<u>(809,211)</u>	<u>-</u>	<u>(15,122)</u>	<u>25,253,418</u>
Capital assets, net of accumulated depreciation	<u>\$ 32,644,533</u>	<u>\$ 4,489,734</u>	<u>\$ -</u>	<u>\$ (15,122)</u>	<u>\$ 37,119,145</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 105,189
Vocational instruction	6,084
Special instruction	5,125
Other instruction	11,256
General administration services	38,120
Building administration services	921,541
Business services	14,576
Operations and maintenance	<u>41,732</u>

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 3 - Capital Assets - Continued

Total \$ 1,143,623

The District does not capitalize interest on general fixed asset projects.

NOTE 4 - Short-Term Notes Payable

Short-term notes payable used for working capital are as follows:

<u>Type</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Note payable	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -

The District has an unused balance of \$1,949,999 on their note anticipation note.

NOTE 5 - Long-Term Obligations

Long-term obligations of the District are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 13,600,000	\$ -	\$ (2,045,000)	\$ 11,555,000	\$ 2,075,000
Notes payable - direct placement	372,580	-	(136,444)	236,136	37,246
Leases - direct placement	1,608,896	-	(820,757)	788,139	31,813
Premium	234,213	-	(35,993)	198,220	35,993
Vested vacation pay	35,977	253,024	(245,421)	43,580	43,580
Vested sick pay	1,054,730	450,566	(141,498)	1,363,798	1,363,798
Wisconsin Retirement System					
Net pension liability	5,508,375	-	(5,508,375)	-	-
LRLIF	2,265,874	1,398,132	-	3,664,006	-
OPEB healthcare	29,740,153	2,091,509	(18,099,496)	13,732,166	1,974,634
Total	<u>\$ 54,420,798</u>	<u>\$ 4,193,231</u>	<u>\$ (27,032,984)</u>	<u>\$ 31,581,045</u>	<u>\$ 5,562,064</u>

In prior years, the general and food service funds liquidated vested employee benefits. Interest costs incurred during the year totaled \$353,560. Total interest paid during the year aggregated \$325,387, including \$26,248 for capital leases.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District and is expected to be repaid with general property taxes. General obligation debt at June 30, 2020 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	10/23/12	1.5-2%	4/1/25	\$ 4,625,000
Bonds	5/17/13	1.5-2.125%	4/1/26	5,405,000
Bonds	12/1/15	3-4%	4/1/25	1,525,000
Note Payable - direct placement	2/1/16	2.2%	10/1/25	236,136
Total				<u>\$ 11,791,136</u>

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 5 - Long-Term Obligations - Continued

Note Anticipation Notes - On April 25, 2019, the District issued taxable Note Anticipation Notes for the purpose of providing interim financing for the purpose of paying the cost of an athletic facility capital improvement project. The notes are offered with a draw feature that allows the District to draw funds as needed to pay project costs. The notes bear an interest rate of 3.19% and the District pays interest on the outstanding amount, rather than the entire amount. The notes are due on April 1, 2024 but can be paid off at any time. As of June 30, 2020, the balance due was \$0 and there is \$1,949,999 available to the District. During the current year the District received and repaid \$5,000,000.

General Obligation Debt Limit Calculation - The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,339,659,487. The legal debt limit and margin of indebtedness as of June 30, 2020 in accordance with section 67.03(1)(b) of Wisconsin Statutes follows:

Debt limit (10% of \$2,339,659,487)	\$ 233,965,949
Deduct long-term debt applicable to debt margin	(11,791,136)
Amount available in debt service fund	-
Margin of indebtedness	<u>\$ 222,174,813</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term principal and interest are as follows:

Year Ending	Bonds		Notes Payable - Direct Borrowing and Placement		Leases - Direct Placement		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
June 30							
2021	\$ 2,075,000	\$ 241,400	\$ 37,246	\$ 5,195	\$ 31,813	\$ 733	\$ 2,391,387
2022	2,115,000	203,775	38,066	4,376	374,496	14,814	2,750,527
2023	2,165,000	160,813	38,903	3,538	381,830	7,479	2,757,563
2024	2,215,000	114,463	39,759	2,682	-	-	2,371,904
2025	2,255,000	63,863	40,634	1,808	-	-	2,361,305
2026-2029	730,000	15,513	41,528	914	-	-	787,955
	<u>\$ 11,555,000</u>	<u>\$ 799,827</u>	<u>\$ 236,136</u>	<u>\$ 18,513</u>	<u>\$ 788,139</u>	<u>\$ 23,026</u>	<u>\$ 13,420,641</u>

The District leases \$2,219,232 of equipment under direct placement leases.

NOTE 6 - Wisconsin Retirement System Pension

General Information about the Pension Plan

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

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

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 6 - Wisconsin Retirement System Pension - Continued

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)	22
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)

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

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 6 - Wisconsin Retirement System Pension - Continued

merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,581,985 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At June 30, 2020, the District reported a liability (asset) of (\$4,947,845) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.15344742%, which was a decrease of 0.00138284% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,901,134.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,392,141	\$ 4,700,138
Net differences between projected and actual earnings on pension plan investments	-	10,115,155
Changes in assumptions	385,568	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,798	24,601
Employer contributions subsequent to the measurement date	880,748	-
Total	\$ 10,684,255	\$ 14,839,894

\$880,748 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 6 - Wisconsin Retirement System Pension - Continued

outflows of resources and deferred inflows of resources related to Pension will be recognized in pension expense as follows:

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ (1,488,168)
2022	(1,118,760)
2023	175,239
2024	(2,604,698)
Thereafter	-

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

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

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

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

Asset Allocation Targets and Expected Returns
 As of December 31, 2019

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 6 - Wisconsin Retirement System Pension - Continued

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate - A single discount rate of 7% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
District's proportionate share of the net pension liability (asset)	\$ 12,741,585	\$ (4,947,845)	\$ (18,172,729)

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 6 - Wisconsin Retirement System Pension - Continued

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>.

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

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

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

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

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

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

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

Contribution rates as of June 30, 2020 are:

Coverage Type	Employer Contribution
50% post retirement coverage	40% of employee contribution
25% post retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$15,555 in contributions from the employer.

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

At June 30, 2020, the District reported a liability (asset) of \$3,664,006 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.86046%, which was an decrease of 0.017671% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$383,098.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 164,143
Net differences between projected and actual earnings on OPEB plan investments	69,116	-
Changes in assumption	1,351,669	403,013
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,353	46,572
Employer contributions subsequent to the measurement date	-	-
Total	\$ 1,435,138	\$ 613,728

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

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ 141,046
2022	141,046
2023	133,594
2024	125,918
Thereafter	279,806

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

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Credit Bonds	Barclays Credit	45	2.12
US Long Credit Bonds	Barclays Long Credit	5	2.9
US Mortgages	Barclays MBS	50	1.53
Inflation			2.2
Long-term Expected Rate of Return			4.25

The long-term expected rate of return decreased slightly from 5% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.3% in the prior year to 2.2% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount rate - A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.1% as of December 31, 2018 to 2.74% as of December 31, 2019. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
District's proportionate share of the net OPEB liability (asset)	\$ 5,059,379	\$ 3,664,006	\$ 2,602,399

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 8 - Interfund Activity

Interfund transfers for the year ended June 30, 2020 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Non-referendum debt service	\$ 228,574
General	Referendum debt service	13,237
General	Food service	103,887
		<u>\$ 345,698</u>

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 - Post Employment Benefits Other Than Pensions

Plan Description - The other post employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - For administrators at least age 55 with 7 years of service in the District (15 years of service in the District for level 5 administrative staff), the District will distribute a dollar amount into a health reimbursement arrangement (HRA). The annual amount will be either the current family rate or 25% of the total distribution, whichever is greater. If the distribution is less than the current family premium rate, the total balance will be deposited into the account. The value of the benefit is based on the original date of hire and is subject to proration based on years of employment with the District and administrative level.

For professional staff at least age 55 with 15 years of service and hired prior to July 1, 2012, the District will distribute a dollar amount into a HRA. The annual amount will be either the current family rate or 25% of the total distribution, whichever is greater. If the distribution is less than the current family premium rate, the total balance will be deposited into the account. For employees who retire prior to July 1, 2021, \$15,000 will distributed for each year until the employee is eligible for Medicare. For all other eligible employees who retire on or after July 1, 2021, the value of the benefit will be based on the employee's retirement date. The value of the benefit, regardless of retirement date, will be subject to proration based on years of employment with the District.

Part-time employees will receive a prorated benefit.

Employees Covered - As of the June 30, 2020 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	203
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>446</u>
Total	<u>649</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2020, contribution

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

rates for Plan members were \$0 - \$1,207 per participant per month and \$0 - \$1,875 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$561,440 and the District contributed \$397,132 to the plan.

Actuarial Assumptions - The OPEB healthcare liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	2.25%
Salary Increases:	3%
Mortality:	Wisconsin 2018 Mortality Table
Medical Care Cost Trend:	7.5% decreasing by .5% every year to 6.5%, then by .1% every year down to 5%, and level thereafter

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2020. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015 - 2017.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of plan investment expense and inflation) developed for each major asset class. There are no plan assets.

Discount Rate - A discount rate of 2.25% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

Changes in the OPEB Healthcare Liability

	<u>Increase (Decrease)</u>
	<u>OPEB Healthcare Liability</u>
Beginning balance	\$ 29,740,153
Changes for the year:	
Service cost	1,196,923
Interest	894,586
Changes of benefit terms	(1,262,186)
Differences between expected and actual experience	(7,503,346)
Changes of assumptions or other input	(7,318,123)
Benefit payments	(2,015,841)
Net changes	(16,007,987)
Ending balance	\$ 13,732,166

Sensitivity of the OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the OPEB healthcare liability calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5 percent, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent decreasing to 4 percent) or 1-percentage-point higher (8.5 percent decreasing to 6 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (6.5% decreasing to 4%)	Current Healthcare Cost Rate (7.5% decreasing to 5%)	1% Increase to Healthcare Cost Rate (8.5% decreasing to 6%)
OPEB healthcare liability	\$ 13,539,823	\$ 13,732,166	\$ 13,941,565

Sensitivity of the OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the OPEB healthcare liability calculated using the discount rate of 2.25 percent, as well as what the OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
OPEB healthcare liability	\$ 14,327,789	\$ 13,732,166	\$ 13,162,279

Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB Healthcare

For the year ended June 30, 2020, the District recognized OPEB healthcare expense of \$1,290,505.

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

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,452,997
Changes in assumptions	-	6,272,677
Net differences between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 12,725,674

Zero reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the OPEB healthcare liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ 2,119,828
2022	2,119,828
2023	2,119,828
2024	2,119,828
Thereafter	\$ 4,246,362

Payables to the OPEB Healthcare Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended June 30, 2020.

NOTE 10 - Fund Balances and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditures as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Restricted</u>		
General	Self-insurance	\$ 193,476
General	Common school fund	\$ 4,838
Long-term capital improvements	DPI regulation	\$ 644,807
<u>Assigned</u>		
General	Specific expenses	\$ 68,378
Non-scholarship	Specific expenses	\$ 398,723
<u>Governmental Activities</u>		
<u>Restricted</u>		
Capital projects	DPI regulation	\$ 644,807
Other activities	Self-insurance	\$ 193,476
Other activities	Common school fund	\$ 4,838
Other activities	Wisconsin Retirement System	\$ 4,947,845

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 11 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance, except for self-insured dental benefits. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 12 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #5 for services to be provided to the District in 2020-2021. Expected costs are \$470,397.

The District is negotiating a transportation agreement with estimated cost for the following school years:

2020-2021	\$2,082,802
2021-2022	2,186,942
2022-2023	<u>2,296,289</u>
	<u>\$6,566,033</u>

On June 12, 2018, the District had entered into an estimated \$11,200,000 construction contract for new athletic facilities. There is \$373,693 remaining to be completed on this contract.

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

From time to time, the District 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 District's Attorney that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

NOTE 13 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue that school districts may derive from general school aids and property taxes. The limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

NOTE 14 - Self-Funded Insurance

The District established a self-funded dental benefit plan for its employees. The plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for an administrative fee. The plan reports on a fiscal year ending June 30.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 14 - Self-Funded Insurance - Continued

Accounting and budgeting requirements for the plan are established by the Wisconsin Department of Public Instruction. The plan is accounted for in the general fund and other funds of the District.

The District has no stop-loss coverage for dental care coverage of the plan.

The District has reported a liability of \$193,476, which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. Changes in the claims liability for the years ended June 30, 2020 and June 30, 2019 are as follows:

	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>
Beginning liability balance	\$ 186,014	\$ -
Claims and changes in estimates	626,488	888,316
Claim payments	<u>(619,026)</u>	<u>(702,302)</u>
Ending liability balance	<u>\$ 193,476</u>	<u>\$ 186,014</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the dental plan.

NOTE 15 - Coronavirus (COVID-19)

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of the District's operations including costs for emergency preparedness, virtual school, shortages of personnel, and potential delays in revenue collections.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD
MARSHFIELD, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET
	GENERAL	SPECIAL	TOTAL	GENERAL	SPECIAL	TOTAL	GENERAL	SPECIAL	TOTAL	POSITIVE
		EDUCATION			EDUCATION			EDUCATION		(NEGATIVE)
REVENUES										
Property taxes	\$ 17,477,078	\$ -	\$ 17,477,078	\$ 17,477,078	\$ -	\$ 17,477,078	\$ 17,491,063	\$ -	\$ 17,491,063	\$ 13,985
Other local sources	2,192,930	-	2,192,930	2,192,930	-	2,192,930	1,185,828	29,262	1,215,090	(977,840)
Interdistrict sources	2,296,200	50,000	2,346,200	2,296,200	50,000	2,346,200	2,463,185	29,191	2,492,376	146,176
Intermediate sources	5,125	60,000	65,125	5,125	60,000	65,125	8,405	80,443	88,848	23,723
State sources	27,158,843	1,481,500	28,640,343	27,158,843	1,481,500	28,640,343	27,326,024	1,451,937	28,777,961	137,618
Federal sources	1,051,736	1,230,883	2,282,619	1,051,736	1,230,883	2,282,619	1,045,799	1,020,472	2,066,271	(216,348)
Other sources	203,500	-	203,500	203,500	-	203,500	136,963	458	137,421	(66,079)
TOTAL REVENUES	50,385,412	2,822,383	53,207,795	50,385,412	2,822,383	53,207,795	49,657,267	2,611,763	52,269,030	(938,765)
EXPENDITURES										
Current										
Instruction										
Regular instruction	19,349,127	-	19,349,127	19,349,127	-	19,349,127	18,581,083	-	18,581,083	768,044
Vocational instruction	2,069,731	-	2,069,731	2,069,731	-	2,069,731	1,878,009	-	1,878,009	191,722
Special instruction	-	5,713,729	5,713,729	-	5,713,729	5,713,729	-	5,316,085	5,316,085	397,644
Other instruction	2,200,364	17,537	2,217,901	2,200,364	17,537	2,217,901	2,143,884	52	2,143,936	73,965
Total instruction	23,619,222	5,731,266	29,350,488	23,619,222	5,731,266	29,350,488	22,602,976	5,316,137	27,919,113	1,431,375
Support services										
Pupil services	1,980,179	966,878	2,947,057	1,980,179	966,878	2,947,057	1,761,680	861,725	2,623,405	323,652
Instructional staff services	2,282,781	294,740	2,577,521	2,282,781	294,740	2,577,521	2,203,942	256,891	2,460,833	116,688
General administration services	1,109,927	2,000	1,111,927	1,109,927	2,000	1,111,927	1,034,845	6,068	1,040,913	71,014
Building administration services	2,564,043	-	2,564,043	2,564,043	-	2,564,043	2,430,692	-	2,430,692	133,351
Business services	6,006,877	325,276	6,332,153	6,006,877	325,276	6,332,153	5,248,928	266,893	5,515,821	816,332
Central services	194,337	14,550	208,887	194,337	14,550	208,887	136,290	4,485	140,775	68,112
Insurance	443,021	-	443,021	443,021	-	443,021	551,488	95,019	646,507	(203,486)
Other support services	2,327,054	263,095	2,590,149	2,327,054	263,095	2,590,149	2,220,200	98,385	2,318,585	271,564
Total support services	16,908,219	1,866,539	18,774,758	16,908,219	1,866,539	18,774,758	15,588,065	1,589,466	17,177,531	1,597,227
Non-program transactions	1,907,504	177,074	2,084,578	1,907,504	177,074	2,084,578	2,279,787	196,720	2,476,507	(391,929)
Debt service										
Principal	409,278	-	409,278	409,278	-	409,278	820,757	-	820,757	(411,479)
Interest	29,429	-	29,429	29,429	-	29,429	42,995	-	42,995	(13,566)
Total debt service	438,707	-	438,707	438,707	-	438,707	863,752	-	863,752	(425,045)
Capital outlay	2,249,798	-	2,249,798	2,249,798	-	2,249,798	3,952,888	69,196	4,022,084	(1,772,286)
TOTAL EXPENDITURES	45,123,450	7,774,879	52,898,329	45,123,450	7,774,879	52,898,329	45,287,468	7,171,519	52,458,987	439,342
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,261,962	(4,952,496)	309,466	5,261,962	(4,952,496)	309,466	4,369,799	(4,559,756)	(189,957)	(499,423)
OTHER FINANCING SOURCES (USES)										
Transfer (to) from other funds	(5,261,977)	4,952,496	(309,481)	(5,261,977)	4,952,496	(309,481)	(4,905,454)	4,559,756	(345,698)	(36,217)
NET CHANGE IN FUND BALANCE	(15)	-	(15)	(15)	-	(15)	(535,655)	-	(535,655)	(535,640)
FUND BALANCE - BEGINNING OF YEAR	14,282,074	-	14,282,074	14,282,074	-	14,282,074	14,282,074	-	14,282,074	-
FUND BALANCE - END OF YEAR	\$ 14,282,059	\$ -	\$ 14,282,059	\$ 14,282,059	\$ -	\$ 14,282,059	\$ 13,746,419	\$ -	\$ 13,746,419	\$ (535,640)

The accompanying notes are an integral part of these statements.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
BUDGETARY COMPARISON SCHEDULE FOR THE FOOD SERVICE FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
REVENUES				
Other local sources	\$ 839,533	\$ 839,533	\$ 599,943	\$ (239,590)
State sources	22,000	22,000	21,259	(741)
Federal sources	820,000	820,000	916,168	96,168
Other sources	-	-	917	917
TOTAL REVENUES	<u>1,681,533</u>	<u>1,681,533</u>	<u>1,538,287</u>	<u>(143,246)</u>
EXPENDITURES				
Current				
Support services				
General administration services	-	-	835	(835)
Business services	1,708,771	1,708,771	1,574,212	134,559
Insurance	-	-	23,579	(23,579)
Other support services	<u>25,000</u>	<u>25,000</u>	<u>26,382</u>	<u>(1,382)</u>
Total support services	<u>1,733,771</u>	<u>1,733,771</u>	<u>1,625,008</u>	<u>108,763</u>
Capital outlay	<u>15,550</u>	<u>15,550</u>	<u>23,199</u>	<u>(7,649)</u>
TOTAL EXPENDITURES	<u>1,749,321</u>	<u>1,749,321</u>	<u>1,648,207</u>	<u>101,114</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(67,788)</u>	<u>(67,788)</u>	<u>(109,920)</u>	<u>(42,132)</u>
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other funds	<u>67,788</u>	<u>67,788</u>	<u>103,887</u>	<u>36,099</u>
NET CHANGE IN FUND BALANCE	-	-	(6,033)	(6,033)
FUND BALANCE - BEGINNING OF YEAR	<u>6,033</u>	<u>6,033</u>	<u>6,033</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,033</u>	<u>\$ 6,033</u>	<u>\$ -</u>	<u>\$ (6,033)</u>

The accompanying notes are an integral part of these statements.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2020

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by a Board of Education resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
3. A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
4. Pursuant to the public budget hearing, the Board of Education may alter the proposed budget.
5. After the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
6. Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.
7. Encumbrance accounting is not used by the District.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

General/Special Education	Insurance	\$ 203,486
General/Special Education	Non-program transactions	391,929
General/Special Education	Principal	411,479
General/Special Education	Other debt service	13,566
General/Special Education	Capital outlay	1,772,289
General/Special Education	Transfer to/from other funds	36,217
Food Service	Insurance	23,579
Food Service	Other support services	1,382
Food Service	Capital outlay	7,649

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.15344742%	0.15483026%	0.15651974%	0.15649493%	0.15857087%	0.16026724%
Proportionate share of the net pension liability (asset)	\$ (4,947,845)	\$ 5,508,375	\$ (4,647,256)	\$ 1,289,892	\$ 2,576,746	\$ (3,936,602)
Covered payroll	\$ 24,147,643	\$ 23,636,999	\$ 23,038,979	\$ 22,397,345	\$ 22,664,256	\$ 21,715,697
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-20.49%	23.30%	-20.17%	5.76%	11.37%	-18.13%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,581,985	\$ 1,590,711	\$ 1,566,614	\$ 1,478,227	\$ 1,541,172	\$ 1,518,800
Contributions in relation to the contractually required contribution	<u>(1,581,985)</u>	<u>(1,590,711)</u>	<u>(1,566,614)</u>	<u>(1,478,227)</u>	<u>(1,541,172)</u>	<u>(1,518,800)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,147,643	\$ 23,636,999	\$ 23,038,979	\$ 22,397,345	\$ 22,664,256	\$ 21,715,697
Contributions as a percentage of covered payroll	6.55%	6.73%	6.80%	6.60%	6.80%	6.99%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 4 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2020

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

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

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability (asset)	0.86046000%	0.87813100%	0.87082000%
Proportionate share of the net OPEB liability (asset)	\$ 3,664,006	\$ 2,265,874	\$ 2,619,932
Covered payroll	\$ 23,165,000	\$ 23,186,000	\$ 36,620,472
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	15.82%	9.77%	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.58%	48.69%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 15,555	\$ 16,918	\$ 16,537
Contributions in relation to the contractually required contribution	<u>(15,555)</u>	<u>(16,918)</u>	<u>(16,537)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,165,000	\$ 23,186,000	\$ 36,620,472
Contributions as a percentage of covered payroll	0.07%	0.07%	0.05%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2020

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the local retiree life insurance fund.

Changes of assumptions - several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return, and expected inflation.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2020

SCHEDULE OF CHANGES IN THE OPEB HEALTHCARE LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Healthcare Liability			
Service cost	\$ 1,196,923	\$ 1,233,999	\$ 1,162,599
Interest	894,586	910,602	906,485
Changes of benefit terms	(1,262,186)	-	-
Differences between expected and actual experience	(7,503,346)	-	(28,983)
Changes of assumptions or other input	(7,318,123)	-	-
Benefit payments	<u>(2,015,841)</u>	<u>(2,052,533)</u>	<u>(1,900,494)</u>
Net Changes in Total OPEB Healthcare Liability	(16,007,987)	92,068	139,607
Total OPEB Healthcare Liability - Beginning	<u>29,740,153</u>	<u>29,648,085</u>	<u>29,508,478</u>
Total OPEB Healthcare Liability - Ending	<u>\$ 13,732,166</u>	<u>\$ 29,740,153</u>	<u>\$ 29,648,085</u>
Covered payroll	\$ 23,568,708	\$ 22,330,519	\$ 22,330,519
OPEB Healthcare Liability as a percentage of covered payroll	58.26%	133.18%	132.77%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ -	\$ 2,069,083	\$ 2,069,083
Contributions in relation to the actuarially determined contributions	<u>(2,015,841)</u>	<u>(2,052,533)</u>	<u>(1,900,494)</u>
Contribution deficiency (excess)	<u>\$ (2,015,841)</u>	<u>\$ 16,550</u>	<u>\$ 168,589</u>
Covered payroll	\$ 23,568,708	\$ 22,330,519	\$ 22,330,519
Contributions as a percentage of covered payroll	8.55%	9.19%	8.51%
Actuarial valuation date	6/30/2019	7/1/2018	7/1/2018
Measurement date	6/30/2020	6/30/2018	6/30/2018

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2020

Methods and assumptions used to determine actuarial calculations - entry age normal cost level % amortization, 2.25% discount rate, 3% salary increases, Wisconsin 2018 mortality table.

Changes of benefit terms - the District contributes either 25% of the total health reimbursement account (HRA) benefit or the family premium, whichever is greater, into the retiree's HRA. Also, the value of the benefit professional staff who retire on or after July 1, 2021 has been reduced from those who retire prior to July 1, 2021.

Changes of assumptions - changes included updated WRS decrement assumptions, assumed discount rate, age-graded factors used to determine implicit rate subsidy, participation assumption changes, and an additional retiree self-pay assumption.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD
MARSHFIELD, WISCONSIN**

SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	SPECIAL REVENUE	DEBT SERVICE		CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	NON- REFERENDUM DEBT	REFERENDUM DEBT	LONG-TERM CAPITAL IMPROVEMENT	OTHER CAPITAL PROJECTS	
ASSETS						
Cash and investments	\$ 312,838	\$ -	\$ -	\$ 644,807	\$ 8,754	\$ 966,399
Accounts receivable	113,821	-	-	-	-	113,821
TOTAL ASSETS	426,659	-	-	644,807	8,754	1,080,220
LIABILITIES						
Accounts payable	27,936	-	-	-	8,754	36,690
TOTAL LIABILITIES	27,936	-	-	-	8,754	36,690
FUND BALANCES						
Restricted	-	-	-	644,807	-	644,807
Assigned	398,723	-	-	-	-	398,723
TOTAL FUND BALANCES	398,723	-	-	644,807	-	1,043,530
TOTAL LIABILITIES AND FUND BALANCES	\$ 426,659	\$ -	\$ -	\$ 644,807	\$ 8,754	\$ 1,080,220

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE		DEBT SERVICE		CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	NON-REFERENDUM DEBT	REFERENDUM DEBT	LONG-TERM CAPITAL IMPROVEMENT	OTHER CAPITAL PROJECTS		
REVENUES							
Property taxes	\$ -	\$ 251,287	\$ 1,970,738	\$ -	\$ -	\$ 2,222,025	
Other local sources	506,814	-	-	-	1,650,614	2,157,428	
Other sources	-	-	-	12,578	-	12,578	
TOTAL REVENUES	506,814	251,287	1,970,738	12,578	1,650,614	4,392,031	
EXPENDITURES							
Current							
Instruction							
Regular instruction	394,488	-	-	-	-	394,488	
Vocational instruction	3,535	-	-	-	-	3,535	
Other instruction	30,149	-	-	-	-	30,149	
Total instruction	428,172	-	-	-	-	428,172	
Support services							
Pupil services	4,893	-	-	-	-	4,893	
Building administration services	297	-	-	-	-	297	
Business services	2,301	-	-	-	-	2,301	
Total support services	7,491	-	-	-	-	7,491	
Debt service							
Principal	-	416,444	1,765,000	-	-	2,181,444	
Interest	-	63,417	218,975	-	-	282,392	
Total debt service	-	479,861	1,983,975	-	-	2,463,836	
Capital outlay	137,627	-	-	-	1,650,614	1,788,241	
TOTAL EXPENDITURES	573,290	479,861	1,983,975	-	1,650,614	4,687,740	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(66,476)	(228,574)	(13,237)	12,578	-	(295,709)	
OTHER FINANCING SOURCES (USES)							
Transfer from other funds	-	228,574	13,237	-	-	241,811	
NET CHANGE IN FUND BALANCE	(66,476)	-	-	12,578	-	(53,898)	
FUND BALANCE - BEGINNING OF YEAR	465,199	-	-	632,229	-	1,097,428	
FUND BALANCE - END OF YEAR	\$ 398,723	\$ -	\$ -	\$ 644,807	\$ -	\$ 1,043,530	

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED	REVENUES		ACCRUED	SUBRECIPIENT PASS-THROUGH EXPENDITURES
				RECEIVABLES (UNEARNED REVENUE) JULY 1, 2019	GRANTOR REIMBURSEMENT	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2020	
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
Food Distribution								
July 1, 2019 - June 30, 2020	None	10.555	N/A	\$ -	\$ 95,436	\$ 95,436	\$ -	\$ -
National School Lunch								
July 1, 2018 - June 30, 2019	2019-713339-NSL-547	10.555	N/A	83,959	83,959	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-DPI-NSL-547		N/A	-	367,898	367,898	-	-
National School Lunch - COVID-19								
July 1, 2019 - June 30, 2020	2020-713339-DPI-NSL-547	10.555	N/A	-	31,536	31,536	-	-
National School Lunch Area Eligible Snack Program								
July 1, 2018 - June 30, 2019	2019-713339-NSLAE-566	10.555	N/A	1,249	1,249	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-DPI-NSLAE-566		N/A	-	579	579	-	-
Special Milk Program for Children								
July 1, 2018 - June 30, 2019	2019-713339-SMP-548	10.556	N/A	162	162	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-DPI-SMP-548		N/A	-	1,380	1,380	-	-
Special Milk Program for Children - COVID-19								
July 1, 2019 - June 30, 2020	2020-713339-DPI-SMP-548	10.556	N/A	-	85	85	-	-
School Breakfast Program								
July 1, 2018 - June 30, 2019	2019-713339-SB-546	10.553	N/A	17,087	17,087	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-DPI-SB-546		N/A	-	71,484	71,484	-	-
School Breakfast Program - COVID-19								
July 1, 2019 - June 30, 2020	2020-713339-DPI-SB-546	10.553	N/A	-	6,340	6,340	-	-
Summer Food Service Program								
July 1, 2018 - June 30, 2019	2019-713339-SFSP-586	10.559	N/A	22,221	22,221	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-DPI-SFSP-586		N/A	-	31,525	31,525	-	-
Summer Food Service Program								
July 1, 2019 - June 30, 2020	2020-713339-DPI-SFSP-586	10.559	N/A	-	222,405	309,906	87,501	-
Total Child Nutrition Cluster				124,678	953,346	916,169	87,501	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				124,678	953,346	916,169	87,501	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
Medical Assistance								
July 1, 2018 - June 30, 2019	None	93.778	N/A	57,811	57,811	-	-	-
July 1, 2019 - June 30, 2020	None		N/A	-	385,623	385,623	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				57,811	443,434	385,623	-	-
U.S. DEPARTMENT OF EDUCATION								
Wisconsin Department of Public Instruction								
Title 1A - Grants to Local Educational Agencies								
July 1, 2018 - June 30, 2019	2019-713339-TIA-141	84.010	N/A	106,508	106,508	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-TIA-141		\$ 511,097	-	401,051	479,678	78,627	-
				106,508	507,559	479,678	78,627	-
Special Education - Grants to States - IDEA Flow Through								
July 1, 2018 - June 30, 2019	2019-713339-IDEA-FT-341	84.027	N/A	227,801	227,801	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-DPI-IDEA-F-341		952,543	-	692,002	806,748	114,746	-
Special Education - Grants to States - CEIS								
July 1, 2018 - June 30, 2019	2019-713339-IDEA-FT-341	84.027	N/A	27,363	27,363	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-DPI-IDEA-F-341		140,858	-	133,755	139,670	5,915	-
Special Education - Preschool Grants								
July 1, 2018 - June 30, 2019	2019-713339-IDEA-PS-347	84.173	N/A	7,485	7,485	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-DPI-IDEA-P-347		44,919	-	41,175	44,097	2,922	-
Total IDEA Cluster				262,649	1,129,581	990,515	123,583	-
Career and Technical Education - Basic Grants to States								
July 1, 2018 - June 30, 2019	2019-713339-CTE-400	84.048	N/A	29,445	29,445	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-CTE-400		31,624	-	24,378	28,900	4,522	-
21st Century Community Learning Center Grant - Lincoln School								
July 1, 2018 - June 30, 2019	2019-713339-21st Century CLC-367	84.287	N/A	117,482	117,482	-	-	-
21st Century Community Learning Center Grant - Madison School								
July 1, 2018 - June 30, 2019	2019-713339-21st Century CLC-367	84.287	N/A	102,853	102,853	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-CLC-DPI-367		100,000	-	-	86,497	86,497	-
Title II-A Supporting Effective Instruction State Grant								
July 1, 2018 - June 30, 2019	2019-713339-TIIA-365	84.367	N/A	25,033	25,033	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-TIIA-365		110,727	-	70,630	85,467	14,837	-
Title IV - Student Support and Academic Enrichment Grants								
July 1, 2018 - June 30, 2019	2019-713339-TIVA-381	84.424	N/A	1,443	1,443	-	-	-
July 1, 2019 - June 30, 2020	2020-713339-TIVA-DPI-381		40,066	-	9,521	9,591	70	-
Cooperative Educational Service Agency #5								
Title III-A Immigrant Discretionary								
July 1, 2019 - June 30, 2020	None	84.365	N/A	-	4,295	4,295	-	-
Mid-State Technical College								
Career Prep Mini-Grant								
July 1, 2019 - June 30, 2020	None	84.048	N/A	-	1,328	2,710	1,382	-
Career Prep Mini-Grant School to Work Opportunities								
July 1, 2019 - June 30, 2020	None	84.048	N/A	-	1,400	1,400	-	-
TOTAL U.S. DEPARTMENT OF EDUCATION				645,413	2,024,948	1,689,053	309,518	-
TOTAL EXPENDITURE OF FEDERAL AWARDS				\$ 827,902	\$ 3,421,728	\$ 2,990,845	\$ 397,019	\$ -

The accompanying notes are an integral part of these statements.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH		RECEIVABLE	REVENUE		RECEIVABLE	SUBRECIPIENT
	ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	(UNEARNED REVENUE) JULY 1, 2019	GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2020	PASS-THROUGH EXPENDITURES
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	713339-100	255.101	\$ -	\$ 1,508,235	\$ 1,508,235	\$ -	\$ -
State School Lunch Aid	713339-107	255.102	-	15,626	15,626	-	-
Common School Fund Library Aid	713339-104	255.103	-	201,003	201,003	-	-
General Transportation Aid	713339-102	255.107	-	117,146	117,146	-	-
Equalization Aid	713339-116	255.201	373,485	23,182,285	23,188,590	379,790	-
High Cost Special Education Aid	713339-119	255.210	-	15,181	15,181	-	-
Aid for School Mental Health	713339-176	255.227	-	81,626	81,626	-	-
Supplemental Per Pupil Aid	713339-181	255.245	-	12,867	12,867	-	-
Special Education Transition Readiness	713339-174	255.257	8,110	-	-	-	-
School Based Mental Health Services Grant	713339-177	255.297	-	57,300	77,026	19,726	-
AODA Program Grants	713339-142	255.321	-	998	998	-	-
School Breakfast Program	713339-108	255.344	-	5,633	5,633	-	-
Early College Credit Program	713339-178	255.445	-	5,014	5,014	-	-
Educator Effectiveness Evaluation System	713339-154	255.940	22,560	44,080	21,520	-	-
Per Pupil Aid	713339-113	255.945	-	2,844,086	2,844,086	-	-
Career and Technical Education Incentive	713339-151	255.950	-	107,970	107,970	-	-
Assessments of Reading Readiness	713339-166	255.956	-	7,381	7,381	-	-
Robotics League Participation Grants	713339-167	255.959	-	-	2,845	2,845	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			404,155	28,214,541	28,212,747	402,361	-
WISCONSIN DEPARTMENT OF JUSTICE							
School Safety Initiative	2018-SSI-01-13075	445.206	1,495	1,495	1,835	1,835	-
Security Updates and Mental Health Training	2018-SSI-01-14206	445.206	37,567	177,480	139,913	-	-
TOTAL WISCONSIN DEPARTMENT OF JUSTICE			39,062	178,975	141,748	1,835	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Payment in Lieu of Taxes	None	None	-	1,813	1,813	-	-
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid	None	None	260,825	260,825	260,825	260,825	-
Exempt Personal Property Aid	None	None	-	253,566	253,566	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			260,825	514,391	514,391	260,825	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 704,042	\$ 28,909,720	\$ 28,870,699	\$ 665,021	\$ -

The accompanying notes are an integral part of these statements.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Unified School District of Marshfield. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

NOTE 3 - Special Education and School Age Parents Program

2019-2020 eligible costs under the State Special Education Program are \$5,686,592.

NOTE 4 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD
MARSHFIELD, WISCONSIN**

OTHER REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Unified School District of Marshfield
Marshfield, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unified School District of Marshfield, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Unified School District of Marshfield's basic financial statements and have issued our report thereon dated October 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Unified School District of Marshfield's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District of Marshfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified School District of Marshfield's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant

deficiencies. We consider the 2020-001 and 2020-002 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unified School District of Marshfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Unified School District of Marshfield's Responses to Findings

Unified School District of Marshfield's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Unified School District of Marshfield's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
October 22, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES

To the Board of Education
Unified School District of Marshfield
Marshfield, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Unified School District of Marshfield's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of the Unified School District of Marshfield's major federal and state programs for the year ended June 30, 2020. The Unified School District of Marshfield's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Unified School District of Marshfield's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *State Single Audit Guidelines*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Unified School District of Marshfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Unified School District of Marshfield's compliance.

Opinion on Each Major Federal Program

In our opinion, the Unified School District of Marshfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal or state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Unified School District of Marshfield is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Unified School District of Marshfield's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Unified School District of Marshfield's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
October 22, 2020

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u> Yes	_____ No	
Noncompliance material to the financial statements?	_____ Yes	<u> X </u> No	

Federal Awards

Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> No	

Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes	<u> X </u> No	

Identification of major federal programs:

<u>CFDA Number</u> 84.027/84.173	<u>Name of Federal Program or Cluster</u> Special Education Cluster
--	---

State Assistance

Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> No	

Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i> ?	_____ Yes	<u> X </u> No	

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
 JUNE 30, 2020

Section I - Summary of Auditors' Results - Continued

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.201	Equalization Aid

Dollar threshold used to distinguish between:

Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statements Findings and Questioned Costs

2020-001 - Preparation of Financial Statements

Program: District-Wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2019-001.

Recommendation: Obtain adequate training to prepare GAAP basis financial statements or use external sources to prepare the financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a certified public accounting (CPA) firm. Management has concluded to hire a CPA firm.

2020-002 - Significant Audit Adjustments

Program: District-Wide

Criteria: Generally accepted accounting principles.

UNIFIED SCHOOL DISTRICT OF MARSHFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2020

Condition: Significant audit adjustments were required to prevent the District's financial statements from being misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2019-002.

Recommendation: Improve the District's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect significant adjustments.

Management's Response: The District will incorporate financial reporting internal controls to detect significant adjustments, prevent misstated financial statements and increase the accuracy of the interim financial reports used by management.

Section III - Federal and State Award Findings and Questioned Costs

None



Unified School District of Marshfield

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN JUNE 30, 2020

Summary Schedule of Prior Audit Findings

2019-001 - Preparation of Financial Statements - Repeat. Initially occurred 6/30/08.

2019-002 - Significant Audit Adjustments - Repeat. Initially occurred 6/30/17.

Corrective Action Plan

2020-001 - Preparation of Financial Statements - Contact: Pat Saucerman, Business Manager. Completion date: N/A. Due to the complexities of governmental reporting in accordance with GAAP, i.e. financial statements and related disclosure reporting, District management has weighed the cost benefit of training current staff or hiring a Certified Public Accountant on staff for the purposes of preparing the external financial statements in accordance with GAAP. District management has concluded to outsource the preparation of the external financial statements and related disclosures to their certified public accounting firm, which is an acceptable practice according to *Government Auditing Standards*. District management will review and approve the externally prepared financial statements.

2020-002 - Significant Audit Adjustments - Contact: Pat Saucerman, Business Manager. Completion date: June 30, 2021. The District will improve its financial reporting internal controls by reconciling accounts on a recurring basis to prevent significant audit adjustments. District management will review and approve the audit adjustments.