

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
INDEPENDENT AUDITORS' REPORT  
ON FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL FINANCIAL INFORMATION  
June 30, 2021**

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**June 30, 2021**  
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## Independent Auditors' Report

To the Board of Education  
Medford Area Public School District  
Medford, Wisconsin

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Medford Area Public School District ("District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1B of the notes to the basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during the year ended June 30, 2021.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that budgetary comparison information, the schedules of changes in the District's net OPEB liability and related ratios and District's contributions, and the schedules of District's proportionate share of the net pension liability (asset) and District's contributions 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 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Management has not presented a management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

#### ***Supplementary Information***

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

This other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 07, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Bauman Associates, Ltd.*

CERTIFIED PUBLIC ACCOUNTANTS

Eau Claire, Wisconsin  
December 07, 2021

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,022,975	\$ 664,599	\$ 5,687,574
Taxes receivable	2,423,815	-	2,423,815
Other receivables	1,333	-	1,333
Promise to give	-	-	-
Due from other governments	1,043,072	74,390	1,117,462
Due from fiduciary fund	500,000	-	500,000
Due from fiduciary component unit	70,579	-	70,579
Total current assets	9,061,774	738,989	9,800,763
Noncurrent assets:			
Net pension asset	6,048,107	-	6,048,107
Capital assets	48,054,127	622,594	48,676,721
Less - Accumulated depreciation	(28,197,887)	(338,190)	(28,536,077)
Total capital assets, net of depreciation	19,856,240	284,404	20,140,644
Total noncurrent assets	25,904,347	284,404	26,188,751
Total assets	\$ 34,966,121	\$ 1,023,393	\$ 35,989,514
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Resources related to OPEB	\$ 1,812,927	\$ -	\$ 1,812,927
Resources related to pensions	9,644,736	-	9,644,736
Total deferred outflows of resources	\$ 11,457,663	\$ -	\$ 11,457,663
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,058,112	\$ 67,395	\$ 1,125,507
Due to other funds	500,000	-	500,000
Due to fiduciary component unit	427,045	-	427,045
Deferred revenue	-	35	35
Current portion of long-term obligations	44,840	-	44,840
Total current liabilities	2,029,997	67,430	2,097,427
Noncurrent liabilities:			
Net OPEB liability	2,296,928	-	2,296,928
Noncurrent portion of long-term obligations	697,921	-	697,921
Total noncurrent liabilities	2,994,849	-	2,994,849
Total liabilities	\$ 5,024,846	\$ 67,430	\$ 5,092,276
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Resources related to OPEB	\$ 67,112	\$ -	\$ 67,112
Resources related to pensions	13,244,031	-	13,244,031
Total deferred inflows of resources	\$ 13,311,143	\$ -	\$ 13,311,143
<b>NET POSITION</b>			
Net investment in capital assets	\$ 19,113,479	\$ 284,404	\$ 19,397,883
Restricted	1,093,596	671,559	1,765,155
Unrestricted	7,880,720	-	7,880,720
Total net position	\$ 28,087,795	\$ 955,963	\$ 29,043,758

See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2021**

Functions/Programs	Program revenues			Net (expenses) revenue and changes in net position		
	Expenses	Charges for Services	Operating Grants and Contributions	Government Activities	Business-type Activities	Total
<b>Governmental activities</b>						
Instruction:						
Regular	\$ 11,884,843	\$ 7,774,307	\$ 570,124	\$ (3,540,412)	\$ -	\$ (3,540,412)
Vocational	769,498	4,170	-	(765,328)	-	(765,328)
Special education	4,362,252	30,797	2,015,221	(2,316,234)	-	(2,316,234)
Other	1,191,505	57,820	47,956	(1,085,729)	-	(1,085,729)
Total instruction	18,208,098	7,867,094	2,633,301	(7,707,703)	-	(7,707,703)
Support services:						
Pupil services	2,443,381	102,565	232,832	(2,107,984)	-	(2,107,984)
Instructional staff services	5,323,495	2,316,518	587,603	(2,419,374)	-	(2,419,374)
General administration services	533,181	-	-	(533,181)	-	(533,181)
School administration services	1,921,910	-	-	(1,921,910)	-	(1,921,910)
Business services	195,794	-	61,479	(134,315)	-	(134,315)
Operations and maintenance of plant services	2,460,317	110	224,922	(2,235,285)	-	(2,235,285)
Pupil transportation services	1,196,254	-	154,361	(1,041,893)	-	(1,041,893)
Central services	120,033	-	3,301	(116,732)	-	(116,732)
Other support services	910,578	-	198	(910,380)	-	(910,380)
Community services	82,048	41,006	18,371	(22,672)	-	(22,672)
Interest and fees (excludes direct allocations to functions)	81,754	-	-	(81,754)	-	(81,754)
Depreciation - unallocated (excludes direct allocations to functions)	548,090	-	-	(548,090)	-	(548,090)
Total support services	15,816,835	2,460,199	1,283,067	(12,073,570)	-	(12,073,570)
Total governmental activities	34,024,934	10,327,293	3,916,368	(19,781,273)	-	(19,781,273)
<b>Business-type activities</b>						
Food services	1,395,585	94,471	1,688,616	-	387,502	387,502
Total school district	\$ 35,420,519	\$ 10,421,764	\$ 5,604,984	(19,781,273)	387,502	(19,393,771)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				6,293,838	-	6,293,838
Property taxes, levied for debt service on long-term debt				1,366,000	-	1,366,000
Property taxes, levied for community services				258,495	-	258,495
Other taxes				22,680	-	22,680
State and federal aids not restricted to specific purposes:						
General				16,511,985	-	16,511,985
Other				143,440	-	143,440
Interest				1,558	-	1,558
Miscellaneous				176,175	-	176,175
Total general revenues				24,774,171	-	24,774,171
Change in net position				4,992,898	387,502	5,380,400
Net position - Beginning of year				23,094,897	568,461	23,663,358
Net position - End of year				\$ 28,087,795	\$ 955,963	\$ 29,043,758

See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021**

	General Fund	Package/ Cooperative Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,284,001	\$ 147,227	\$ 23,086	\$ 568,661	\$ 5,022,975
Property taxes receivable	2,423,815	-	-	-	2,423,815
Accounts receivable	480	728	-	125	1,333
Due from other governments	1,038,827	-	-	4,245	1,043,072
Due from other funds	-	-	-	500,000	500,000
Due from fiduciary component unit	58,731	11,848	-	-	70,579
Total assets	\$ 7,805,853	\$ 159,803	\$ 23,086	\$ 1,073,031	\$ 9,061,773
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 947,854	\$ 87,736	-	\$ 10,471	\$ 1,046,061
Due to other funds	500,000	-	-	-	500,000
Due to fiduciary component unit	354,978	72,067	-	-	427,045
Total liabilities	1,802,832	159,803	-	10,471	1,973,106
Fund balances:					
Restricted for:					
District operations per donor specifications	-	-	-	407,535	407,535
Debt service	-	-	23,086	-	23,086
Capital projects	-	-	-	520,041	520,041
Future community service expenditures	-	-	-	134,984	134,984
Unassigned	6,003,021	-	-	-	6,003,021
Total fund balances	6,003,021	-	23,086	1,062,560	7,088,667
Total liabilities and fund balances	\$ 7,805,853	\$ 159,803	\$ 23,086	\$ 1,073,031	\$ 9,061,773

See accompanying notes to the financial statements.



**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2021**

Total fund balances - governmental funds	\$	7,088,667
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$48,054,127 and the accumulated depreciation is \$28,197,887.		19,856,240
The net OPEB liability related to the District's postemployment benefits is not a financial resource and therefore is not reported as a liability in the governmental funds. The net OPEB liability of \$2,296,928 and deferred inflows of resources of \$67,112 is more than the deferred outflows of resources of \$1,812,927.		(551,113)
Net pension asset and deferred outflows and inflows related to the pension are not financial resources and therefore are not reported in the governmental fund statements. This is the amount by which deferred outflows of resources related to pensions of \$9,644,736 plus the net pension asset of \$6,048,107 exceeds the deferred inflows of resources related to pensions of \$13,244,031.		2,448,812
Long-term liabilities, such as notes payable and deferred debt issuance premium and discount are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. Such liabilities - both current and long-term are reported in the statement of net position as follows:		
Accrued interest on notes		(12,050)
G.O. promissory notes	\$ (729,400)	
Premium on G.O. promissory notes	<u>(13,361)</u>	
Total long-term liabilities		<u>(742,761)</u>
Net position of governmental activities	\$	<u><u>28,087,795</u></u>

See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	General Fund	Package/ Cooperative Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local	\$ 6,474,085	\$ 9,811	\$ 1,366,000	\$ 635,846	\$ 8,485,742
Interdistrict	7,803,833	2,306,707	-	-	10,110,540
Intermediate	356,792	1,617	-	-	358,409
State	18,644,900	-	-	-	18,644,900
Federal	1,268,165	-	-	18,371	1,286,536
Other	147,598	-	-	-	147,598
Total revenues	<u>34,695,373</u>	<u>2,318,135</u>	<u>1,366,000</u>	<u>654,217</u>	<u>39,033,725</u>
<b>EXPENDITURES</b>					
Instruction:					
Regular	10,975,539	1,726,189	-	25,127	12,726,855
Vocational education	808,279	5,923	-	430	814,632
Special education	4,725,618	-	-	-	4,725,618
Other	1,279,816	-	-	-	1,279,816
Total instruction	<u>17,789,252</u>	<u>1,732,112</u>	<u>-</u>	<u>25,557</u>	<u>19,546,921</u>
Support services:					
Pupil services	1,716,775	880,973	-	8,228	2,605,976
Instructional staff services	1,526,181	4,091,904	-	-	5,618,085
General administration services	372,141	129,377	-	59,489	561,007
School administration services	1,267,536	529,179	-	239,059	2,035,774
Business services	276,168	-	-	-	276,168
Operations and maintenance	2,882,869	86,052	-	69,262	3,038,183
Pupil transportation	1,136,509	-	-	827	1,137,336
Central services	112,533	-	-	7,500	120,033
Community service	-	-	-	128,503	128,503
Debt service:					
Principal	-	-	2,223,500	-	2,223,500
Interest and other charges	25,476	-	93,150	-	118,626
Other support services/nonprogram	761,400	170,176	-	-	931,576
Total support services	<u>10,077,588</u>	<u>5,887,661</u>	<u>2,316,650</u>	<u>512,868</u>	<u>18,794,767</u>
Total expenditures	<u>27,866,840</u>	<u>7,619,773</u>	<u>2,316,650</u>	<u>538,425</u>	<u>38,341,689</u>
Excess (deficiency) of revenues over (under) expenditures	6,828,533	(5,301,638)	(950,650)	115,791	692,036
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds on sale of equipment	4,107	-	-	-	4,107
Operating transfers in	-	5,301,638	-	515,000	5,816,638
Operating transfers out	(5,816,638)	-	-	-	(5,816,638)
	<u>(5,812,531)</u>	<u>5,301,638</u>	<u>-</u>	<u>515,000</u>	<u>4,107</u>
Net change in fund balances	1,016,002	-	(950,650)	630,791	696,143
Fund balances - beginning of year	4,987,019	-	973,736	431,769	6,392,524
Fund balances - end of year	<u>\$ 6,003,021</u>	<u>\$ -</u>	<u>\$ 23,086</u>	<u>\$ 1,062,560</u>	<u>\$ 7,088,667</u>

See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2021**

Net change in fund balances—Total governmental funds \$ 696,143

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 760,320	
Depreciation expense reported in the statement of activities	(752,157)	8,163

Discounts and premiums related to the long-term debt are reflected as a current expenditure in the governmental funds. These amounts are shown as an other asset in the statement of net position and amortized over the term of the bonds. The adjustment for these items is as follows:

Amortization of discounts and premiums		49,272
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Principal payments on long-term debt are expenditures in the governmental funds, but these repayments reduce long-term liabilities in the statement of net position.		2,210,600
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The employer share of pension expense incurred after the net pension liability measurement date of December 31, 2020 and through June 2021 is shown as an expenditure in the fund financial statements when due, and thus requires the use of current financial resources. In the statement of activities however, this amount is reported as a deferred outflow of resources since these contributions occur subsequent to the measurement date used to record the net pension liability.

Prior year deferred outflows for contributions made during the current measurement period	(657,740)	
Contributions subsequent to the measurement date from January 1, 2021 through June 30, 2021	702,698	
Adjustment for the difference in basis of pension expense reporting for government-wide financial statements	1,777,001	1,821,959

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the change in the net OPEB liability during the year as an expense.

This is the increase in the net OPEB obligation for the year.	(529,590)	
Deferred inflows of resources related to OPEB will be recognized in OPEB expense.	490,840	
Contributions subsequent to the measurement date from July 1, 2020 through June 30, 2021 are recorded in the statement of net position as a deferred outflow.	265,011	226,261

Some expenses and revenues reported in the statement of activities do not require the use of current financial resources or uses and therefore are not reported as expenditures or income in governmental funds. These are the following:

Donation Receivable - Promise to give for athletic complex.	(20,000)	
Accrued interest payable	500	(19,500)

Change in net position of governmental activities		\$ <u>4,992,898</u>
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See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2021**

	Business-type Activities Enterprise Funds <u>Food Service</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 664,599
Due from other governments	<u>74,390</u>
Total current assets	<u>738,989</u>
Noncurrent assets:	
Furniture and equipment	622,594
Less - Accumulated depreciation	<u>(338,190)</u>
Total noncurrent assets	<u>284,404</u>
Total assets	<u>\$ 1,023,393</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and Accrued liabilities	\$ 67,395
Deferred Revenue	<u>35</u>
Total current liabilities	<u>67,430</u>
Total liabilities	<u>\$ 67,430</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 284,404
Restricted for use in food service operations	<u>671,559</u>
Total net position	<u>\$ 955,963</u>

See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2021**

	Business-type Activities Enterprise Funds <u>Food Service</u>
<b>OPERATING REVENUES</b>	
Food service sales	\$ 94,471
State matching and other	19,154
Grants - child nutrition program	<u>1,669,462</u>
Total operating revenues	<u>1,783,087</u>
<b>OPERATING EXPENSES</b>	
Professional and contract services	1,375,554
Depreciation	<u>20,031</u>
Total operating expenses	<u>1,395,585</u>
Operating income	<u>387,502</u>
Change in net position	387,502
Net position - Beginning of year	<u>568,461</u>
Net position - End of year	<u>\$ 955,963</u>

See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2021**

	Business-type Activities Enterprise Funds Food Service
	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from user charges	\$ 94,471
Operating grants received	1,767,231
Cash payments to contractors for goods and services	<u>(1,425,841)</u>
Net cash provided by operating activities	<u>435,861</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of capital assets	<u>(95,560)</u>
Net cash used in operating activities	<u>(95,560)</u>
 Net change in cash and cash equivalents	 340,301
 Cash and cash equivalents - beginning	 <u>324,298</u>
 Cash and cash equivalents - end	 \$ <u><u>664,599</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 387,502
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	20,031
Changes in assets and liabilities:	
Due from other governments	78,615
Accounts payable and accrued expenses	<u>(50,287)</u>
Net cash provided by operating activities	\$ <u><u>435,861</u></u>

**NONCASH NONCAPITAL OPERATING ACTIVITIES**

During the year the District received \$84,565 of food commodities from the U.S. Department of Agriculture.

See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2021**

	<b>Component Unit</b>	
	Private- Purpose Trust	Employee- Benefit Trust
<b>ASSETS</b>		
Cash and cash equivalents	\$ 84,308	\$ 831,239
Investment, at fair value:		
Bonds and bond mutual funds	-	789,383
Equity mutual funds	-	1,028,570
Due from other funds	-	427,045
 Total assets	 \$ 84,308	 \$ 3,076,237
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ 70,579
 Total liabilities	 \$ -	 \$ 70,579
<b>NET POSITION</b>		
Restricted for scholarships	\$ 84,308	\$ -
Restricted for employee benefit plans (held in trust)	-	3,005,658
 Total net position	 \$ 84,308	 \$ 3,005,658

See accompanying notes to the financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2021**

	<b>Component Unit</b>	
	Private- Purpose Trust	Employee- Benefit Trust
	<u>          </u>	<u>          </u>
<b>ADDITIONS:</b>		
Investment income (loss):		
Interest and dividends	\$ -	\$ 106,118
Net change in fair value	-	226,087
Contributions	-	427,045
Less - Investment expense	-	(16,639)
Net investment income	-	742,611
Private donations	<u>38,159</u>	<u>-</u>
Total additions	<u>38,159</u>	<u>742,611</u>
<b>DEDUCTIONS:</b>		
Payment of benefits to trust fund participants	-	592,753
Implicit rate subsidy	-	70,580
Scholarships awarded	<u>40,043</u>	<u>-</u>
Total deductions	<u>40,043</u>	<u>663,333</u>
Change in net position	(1,884)	79,278
Net position - beginning of year	<u>86,192</u>	<u>2,926,380</u>
Net position - end of year	<u>\$ 84,308</u>	<u>\$ 3,005,658</u>

See accompanying notes to the financial statements.



**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Medford Area Public School District ("District") conform to accounting principles generally accepted in the United States of America applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A.            REPORTING ENTITY**

The Medford Area Public School District is organized as a common school district. The District, governed by a nine member elected school board, operates grades K through 12 and is comprised of all or parts of fourteen taxing districts. This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exist, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operation responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

**Fiduciary Component Units**

**The Medford Area Public School District Post-Employment Benefits Trust ("Plan")**

The fiduciary financial statements include the Plan as a component unit. The Plan is a legally separate organization. The Plan does not have a formal board, however the District is the Trustee of the Plan and the District can impose its will on the Plan and also create a potential financial benefit to or burden on the District. See Note 8. As a component unit, the Plan's financial statements have been presented within the fund-type column within the fiduciary funds of the District. The information presented is for the fiscal year ended June 30, 2021. The Plan does not issue separate financial statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF PRESENTATION**

**New Accounting Principle**

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 84, Fiduciary Activities, the Statement replaces existing GASB statements to enhance consistency and comparability of identifying activities that should be reported as fiduciary activities. The District has adopted these standards for the year ended June 30, 2021, and previously reported Student Activities Fund is no longer reported in the fiduciary funds as it is required administrative involvement.

The implementation of GASB No. 84 requires a retroactive adjustment to the beginning fund balances. See below for details of new position/fund balance restatements required by the Statement.

Opinion Unit =====>	<b>Non-major Fund</b>	<b>Fiduciary Funds</b>
Fund/Activity =====>	Special Purpose Trust	Agency Fund
Net position/fund balance (due to student groups), 6/30/2020	\$ 156,935	\$ 135,185
Effects of GASB Statement No. 84 implementation	<u>135,185</u>	<u>(135,185)</u>
Net position/fund balance due to student groups, as restated 7/1/2020	\$ <u>292,120</u>	\$ <u>-</u>
Opinion Unit =====>	<b>Government- wide FS's</b>	<b>Governmental Funds</b>
Fund/Activity =====>	Governmental Activities	Other Governmental Funds
Net position/fund balance (due to student groups), 6/30/2020	\$ 22,959,712	\$ 296,584
Effects of GASB Statement No. 84 implementation	<u>135,185</u>	<u>135,185</u>
Net position/fund balance due to student groups, as restated 7/1/2020	\$ <u>23,094,897</u>	\$ <u>431,769</u>

**District-wide Financial Statements**

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

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B.            BASIS OF PRESENTATION (Continued)**

**District-wide Financial Statements (Continued)**

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

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

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

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

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

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

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B.            BASIS OF PRESENTATION (Continued)**

**Governmental Funds**

Governmental funds are identified as general, special revenue, debt service, capital projects, or permanent funds based upon the following guidelines.

*General Fund*

The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund, except that the special education fund, a required fund mandated by the Wisconsin Department of Public Instruction, does not meet the GAAP definition of a special revenue fund and is reported in the general fund for financial reporting purposes.

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes. The Package/Cooperative Fund is used to account for tuition charges to other districts for their students' involvement in the Rural Virtual Academy (RVA) distance learning program.

*Capital Projects Funds*

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

*Debt Service Funds*

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

*Permanent Funds*

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

**Proprietary Funds**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as interest earnings, result from nonexchange transactions or ancillary activities.

The food service fund is identified as the lone proprietary fund of the District based upon the following guideline:

The food service fund is used to account for the financial resources (primarily user fees and state and federal aid) used to support pupil and adult employee food service expenditures of the District.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF PRESENTATION (Continued)**

**Fiduciary Funds (Not included in district-wide statements)**

*Private-Purpose Trust Funds*

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

*Employee-Benefit Trust Funds*

Employee-benefit Trust Funds are used to account for resources legally held in trust for future other post-employment benefits.

**Major Funds**

The District reports the following major governmental funds:

- General Fund
- Package Cooperative Fund
- Debt Service Fund

The District reports the following major proprietary fund:

- Food Service Fund

**Non-major Funds**

The District reports the following non-major governmental funds:

- Special Revenue Funds –
  - Special Revenue Trust Fund
  - Community Service Fund
- Capital Projects Fund

**Fiduciary Funds**

The District reports the following fiduciary funds:

- Private-purpose trust

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C.            BASIS OF ACCOUNTING**

The district-wide statement of net position and statement of activities and the financial statements of the proprietary and fiduciary funds are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. For the Medford Area Public School District Post Employment Trust, plan member contributions are recognized when due and employer contributions are recognized when due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenue in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on February 1, the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the school's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

Property taxes are collected by local taxing districts until January 31. Real estate tax collections after that date are made by the county, which assumes all responsibility for delinquent real estate taxes.

The aggregate amount of property taxes to be levied for district purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of February 1. Taxes are levied on the assessed value as of the prior January 1.

Property tax calendar – 2020 tax roll:

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

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C.            BASIS OF ACCOUNTING (Continued)**

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

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

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

**D.            MEASUREMENT FOCUS**

On the district-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of funds equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the district-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

**E.            INVENTORIES**

Governmental and proprietary fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F.            LONG-TERM OBLIGATIONS**

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

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

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

**G.            CAPITAL ASSETS**

**District-Wide Statements**

In the district-wide financial statements and the proprietary fund statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

The District capitalizes all capital asset additions of \$5,000 or more. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Site Improvements	10-20 years
- Buildings	50 years
- Building Improvements	20 years
- Furniture and equipment	5-15 years
- Computer and related technology	5 years
- Library books	7 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

**Fund Financial Statements**

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



**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H.            INTERFUND RECEIVABLES AND PAYABLES**

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

**I.            BUDGETS**

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

The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved by a two-thirds board action. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level for all other funds.

**J.            ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**K.            DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

As applicable, the statements of net position and balance sheets report a separate section for deferred outflows of resources after total assets and for deferred inflows after total liabilities. These are distinct and separate financial statement elements which represent the net position that applies to future periods and thus will not be recognized as an outflow (expense) or inflow (revenue) until that time. The District has three items that qualify as deferred outflow of resources; deferred outflows related to promises to give, pensions and OPEB. The District has one item that qualifies as a deferred inflow of resources related to pensions.

**L.            PENSIONS AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

*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 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.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. PENSIONS AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

*OPEB*: For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Post Employment Trust ("Plan") and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with benefit terms.

Investments are reported at fair value, except for money market investments and interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**M. OTHER ASSETS**

In governmental funds, debt issuance discounts are recognized in the current period. For the district-wide financial statements, governmental activity debt discounts are amortized over the life of the debt issue.

**N. CLAIMS AND JUDGMENTS**

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

**O. INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**P. CASH AND CASH EQUIVALENTS**

The District's cash and cash equivalents consist of cash on hand, time and demand deposits with financial institutions, balances in the state investment pool and investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*, 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. Adjustments necessary to record investments at fair value are recorded in the operating statement as an increase or decrease in investment income. Investment income on comingled investments of District funds is allocated to funds based on average cash balance and estimate average interest rate.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. FAIR VALUE MEASUREMENT**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

*Mutual Funds:* Valued at the daily closing prices as reported by the fund. Mutual funds held by the District are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds held by the District are deemed to be actively traded. Open-end mutual funds are required to publish their daily net asset value (NAV) and to transact at that price. Close-end mutual funds are valued at the closing price reported on the active market on which the securities are traded.

*Equity Securities:* Valued at the daily closing prices as reported by the security. Equity securities held by the District are registered with the Securities and Exchange Commission. The equity securities held by the District are deemed to be actively traded.

*External Investment Pool:* Valued at amortized cost, which approximates fair value. The District participates in the Local Government Investment Pool, which is part of the State Investment Fund. The State Investment Fund is invested in highly liquid, short-term fixed income securities.

*Fixed Income Securities:* District holds fixed income securities which are investments in debt instruments issued by a governmental agency to finance and expand the governmental agency's operations. These securities provide the District with a return in the form of fixed period payments and eventual return of principal upon maturity. These securities are priced using evaluated price provided by an independent pricing vendor or broker/dealer.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R.            EQUITY CLASSIFICATIONS**

**District-Wide Statements**

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Fund Statements**

Governmental funds:

Equity is classified as fund balance and displayed in five possible components:

- a. Nonspendable – Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted net assets – Consists of amounts with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Committed – consists of amounts that are imposed by formal action of the Board of Education, the government’s highest level of decision-making authority. A committed fund balance may be established, modified or removed only by a majority vote (2/3) of the elected school board.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

R.            EQUITY CLASSIFICATIONS (Continued)

**Fund Statements (Continued)**

Governmental funds (Continued):

- d. Assigned – consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The Board of Education delegates to the Director of Business Services or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.
  
- e. Unassigned – consists of residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Minimum fund balance policy:

The District will maintain a minimum unassigned fund balance in its general fund ranging from 15 to 20% of the subsequent year’s budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Surplus fund balance:

Should unassigned fund balance of the general fund ever exceed the 20% range noted in the minimum fund balance policy, the excess will be considered for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing, or other recurring expenditures.

Proprietary funds:

Equity is classified the same as equity for the district-wide statements.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**S. USE OF ESTIMATES**

In preparing financial statements in conformity with accounting principles generally accepted in the U.S., management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 CASH AND INVESTMENTS**

Investment of District’s cash deposits and investments is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, Wisconsin Aerospace Authority or the Wisconsin Aerospace Authority, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed as to principal or interest by the federal government, or by commission, board or other instrumentality of the federal government.
4. The local government pooled- investment.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Investment of the trust funds in the employee benefit trust fund is regulated by Wisconsin Statutes Chapter 881 and this guidance allows investment in equity securities, bonds and debentures.

Custodial credit risk – Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$6,471,506 of the District’s bank balance of \$7,400,129 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 23,606
Uninsured and collateralized by securities held by the pledging institution's agent not in the name of the District	6,447,900
	\$ 6,471,506

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

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 2 CASH AND INVESTMENTS (Continued)**

Deposits in each local and area bank are insured by the FDIC up to \$250,000 for time and savings accounts and \$250,000 interest-bearing demand accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has been considered in computing custodial credit risk relative to deposits.

Fair Value – Investments:

At June 30, 2021, the District had the following recurring fair value measurements.

	Level 1	Level 2	Level 3	Total
Bond mutual funds	\$ 739,115	\$ -	\$ -	\$ 739,115
Equity mutual funds	1,028,570	-	-	1,028,570
Municipal bonds	-	50,268	-	50,268
	<u>\$ 1,767,685</u>	<u>\$ 50,268</u>	<u>\$ -</u>	<u>\$ 1,817,953</u>

As of June 30, 2021, the District had the following investments. The Local Government Investment Pool is in an external investment pool and the remaining investments are held in trust with a local financial institution.

<u>Investments</u>	<u>Maturities</u>	<u>Fair value</u>
Bond mutual funds (7 funds)	2.8 and 9.4 years	\$ 739,115
Equity mutual funds	None	1,028,570
Municipal bonds	2.5 years	50,268

The District had no significant type of investments during the year not included in the above table.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 2 CASH AND INVESTMENTS (Continued)**

Interest rate risk – Investments:

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The average maturities of the local government investment pool and investments are disclosed in the table above.

Custodial credit risk – Investments:

Custodial credit risk is the risk that in the event of the failure of the counterparty, The District will not be able to recover the value of its investments that are in possession of an outside party. The District does not have a policy for custodial risk relative to its investments. As of June 30, 2021, the entire amount of the District’s investments in its employee benefit trust totaling \$2,375,586 was exposed to custodial credit risk.

Credit risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the District. The debt securities are investments in U.S. agencies and all carry the explicit guarantee of the U.S. government. Bond mutual funds (seven funds and one municipal bond issue at June 30, 2021) in the employee benefit trust fund obtain credit quality ratings for each fund using statistics derived from the Morningstar rating for each fund. Morningstar derives its ratings from fund companies using ratings that have been assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). If two NRSRO’s have rated a security, it is reported at the lowest rating; if three or more NRSRO’s have rated the same security differently, the middle rating is used. Morningstar then combines credit rating information from the NRSRO’s with an average default rate calculation to come up with a weighted-average credit quality, currently a letter that roughly corresponds to the scale used by a leading NRSRO. In this scale, lower credit quality starts with B and goes to AAA+ for highest credit quality.

The percentages of investments in this fund and credit quality ratings at June 30, 2021 follows:

<u>Range of ratings by by each mutual bond fund</u>	<u>Percentage of Holdings</u>	<u>Dollar amount of investments</u>
AAA	47.63%	\$ 352,009
AA	2.85%	21,077
A	7.83%	57,840
BBB	16.81%	124,254
BB	13.68%	101,107
B	8.65%	63,935
Below B	1.83%	13,535
Not rated	<u>0.72%</u>	<u>5,358</u>
	<u>100.00%</u>	<u>\$ 739,115</u>



**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 2 CASH AND INVESTMENTS (Continued)**

The following is a reconciliation of carrying amounts of deposits and cash on hand to the financial statements:

Carrying value of deposits	\$ 8,420,909
Petty cash	<u>165</u>
Total deposits	<u>\$ 8,421,074</u>
 <b>Per statement of net position:</b>	
Governmental activities	\$ 5,022,975
Business-type activities	664,599
 <b>Per statement of fiduciary net position:</b>	
Private-purpose trust	84,308
Employee-benefit trust:	
Cash and cash equivalents	831,239
Bonds and bond mutual funds	789,383
Equity mutual funds	<u>1,028,570</u>
Total Employee-benefit trust	<u>2,649,192</u>
Total	<u>\$ 8,421,074</u>

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 3 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance 7/1/2020	Additions	Deletions/ Reclass	Balance 06/30/2021
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Sites	\$ 716,390	-	-	716,390
Construction work in progress	-	-	-	-
Total capital assets not being depreciated	<u>716,390</u>	<u>-</u>	<u>-</u>	<u>716,390</u>
Capital assets being depreciated:				
Site improvements	1,821,256	-	-	1,821,256
Building and improvements	41,823,327	582,310	-	42,405,637
Furniture and equipment	2,835,933	178,010	96,901	3,110,844
Total capital assets being depreciated	<u>46,480,516</u>	<u>760,320</u>	<u>96,901</u>	<u>47,337,737</u>
Less - Accumulated depreciation for:				
Site improvements	(20,944)	-	-	(20,944)
Building and improvements	(25,368,926)	(559,636)	-	(25,928,562)
Furniture and equipment	(1,958,959)	(192,521)	(96,901)	(2,248,381)
Total accumulated depreciation	<u>(27,348,829)</u>	<u>(752,157)</u>	<u>(96,901)</u>	<u>(28,197,887)</u>
Governmental activities capital assets - net	<u>\$ 19,848,077</u>	<u>8,163</u>	<u>-</u>	<u>19,856,240</u>
	Balance			Balance
	7/1/2020	Additions	Deletions	06/30/2021
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Food service equipment	\$ 527,034	95,560	-	622,594
Less - Accumulated depreciation for:				
Food service equipment	(318,159)	(20,031)	-	(338,190)
Business-type activities capital assets - net	<u>\$ 208,875</u>	<u>75,529</u>	<u>-</u>	<u>284,404</u>

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 3 CAPITAL ASSETS (Continued)**

Depreciation expense is charged to governmental activities functions as follows:

Instruction:	
Regular	\$ 8,494
Vocational	26,466
Special education	605
Other	3,373
Support services:	
Pupil services	-
Instructional staff services	7,504
School administration services	1,152
Business services	12,841
Operations and maintenance of plant services	79,235
Pupil transportation services	59,591
	3,700
	1,105
Unallocated	<u>548,091</u>
Total depreciation expenses - governmental activities	<u>\$ 752,157</u>

**Note 4 SHORT-TERM NOTES PAYABLE**

At various times during the year, the District can utilize short-term borrowing to meet operating cash flow needs due to the timing of tax collections and other aids. During the year, the District borrowed and repaid \$14,500,000 in short-term debt for the year ended June 30, 2021.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 5 LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Balance <u>7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/2021</u>	Amounts due within <u>one year</u>
Promissory note	\$ -	-	-	-	-
Notes payable	2,620,000	-	(2,085,000)	535,000	-
Land contract from direct borrowings and direct placements	320,000	-	(125,600)	194,400	34,400
Add: Deferred issuance premium	<u>62,633</u>	<u>-</u>	<u>(49,272)</u>	<u>13,361</u>	<u>10,440</u>
Total long-term liabilities	<u>\$ 3,002,633</u>	<u>-</u>	<u>(2,259,872)</u>	<u>742,761</u>	<u>44,840</u>

The full faith, credit, and taxing powers of the District secure all general obligation debt which is liquidated by the debt service fund. At June 30, 2021, general obligation debt consisted of the following:

Type	Date of <u>Issue</u>	Final <u>Maturity</u>	Interest <u>Rates (%)</u>	Original <u>Indebtedness</u>	Balance <u>Outstanding</u> <u>06/30/2021</u>
G.O. promissory notes	6/22/16	4/1/2026	1.5 - 2	\$ 4,180,000	\$ <u>535,000</u>
Direct borrowings:					535,000
Land contract	4/8/19	12/31/2024	2.5	411,200	<u>194,400</u>
Total general obligation debt					<u>\$ 729,400</u>

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 5 LONG-TERM OBLIGATIONS (Continued)**

Future debt service requirements to maturity on general obligation debt at June 30, 2021 are as follows:

Year	G.O. bonds and notes		Land contract from direct borrowings and direct placements		Total
	Principal	Interest	Principal	Interest	
2022	\$ -	24,100	34,400	8,000	66,500
2023	425,000	6,450	80,000	6,000	517,450
2024	110,000	1,100	80,000	4,000	195,100
2025	-	-	-	-	-
2026	-	-	-	-	-
Totals	\$ <u>535,000</u>	<u>31,650</u>	<u>194,400</u>	<u>18,000</u>	<u>779,050</u>

For the year ended June 30, 2021, interest costs on general obligation debt totaled \$93,150 and the entire amount was charged to expense. No interest cost was capitalized during the year ended June 30, 2021.

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$950,513,451. The legal debt limit and margin of indebtedness as of June 30, 2021 in accordance with Wisconsin statutes follows:

Debt limit (10% of \$950,513,451)	\$ 95,051,345
Less - outstanding debt subject to limitation	<u>(729,400)</u>
Margin on indebtedness	<u>\$ 94,321,945</u>

**Note 6 LEASE DISCLOSURES**

Lessee/Lessor – Operating leases

The District has no material operating leases with a remaining noncancellable term exceeding one year.

Lessee/Lessor – Capital leases

The District has no material outstanding sales-type or direct financing leases.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 7     DEFINED BENEFIT PENSION**

**Plan Description**

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

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

**Vesting**

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

**Benefits Provided**

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service 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 years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee’s contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. 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.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 7     DEFINED BENEFIT PENSION (Continued)**

**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
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%
2020	1.7%	21.0%

**Contributions**

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

During the reporting period, the WRS recognized \$1,129,118 in contributions from the employer.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 7    DEFINED BENEFIT PENSION (Continued)**

**Contributions (Continued)**

Contribution rates as of June 30, 2021 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2021, the District reported a liability (asset) of (\$6,048,107) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the District's proportion was 0.09687607%, which was an increase of 0.00401441% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension income of \$646,111.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Cost-Sharing Multiple-Employer Pension Plan:</b>		
Differences between expected and actual experience	\$ 8,753,468	\$ 1,885,481
Changes in assumptions	137,182	-
Net differences between projected and actual earnings on pension plan investments	-	11,354,829
Changes in proportionate and difference between employer contributions and proportionate share of contributions	51,388	3,721
Employer contributions subsequent to the measurement date	<u>702,698</u>	<u>-</u>
Total - cost-sharing multiple-employer pension plan	\$ <u>9,644,736</u>	\$ <u>13,244,031</u>



**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 7      DEFINED BENEFIT PENSION (Continued)**

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

\$702,698 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021.

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

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflow of Resources
2022	\$ 3,764,060	\$ 5,046,359
2023	3,187,695	3,787,355
2024	1,405,070	3,105,774
2025	585,213	1,304,543
2026	-	-
Thereafter	-	-

**Actuarial Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 7     DEFINED BENEFIT PENSION (Continued)**

**Actuarial Assumptions (Continued)**

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, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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:

Core Fund Asset Class	Current Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0%	3.2%	0.8%
Inflation Sensitive Assets	16.0%	2.0%	-0.4%
Real Estate	8.0%	5.6%	3.1%
Private Equity/Debt	11.0%	10.2%	7.6%
Multi-Asset	4.0%	5.8%	3.3%
Total Core Fund	115.0%	6.6%	4.1%
<hr/>			
Variable Fund Asset Class			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0%	7.4%	4.9%
Total Variable Fund	100.0%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast:  
2.4% Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 7      DEFINED BENEFIT PENSION (Continued)**

**Actuarial Assumptions (Continued)**

*Single Discount Rate.* A single discount rate of 7.00% 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 7.00% and a municipal bond rate of 2.00% (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, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

*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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)    \$	5,756,960	\$ (6,048,107)	\$ (14,718,841)

*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**

As of June 30, 2021 the District has accrued liabilities totaling \$420,125 relating to the pension plan. This amount represents legally required contributions based on the June 2021 payroll reporting period.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**Note 8 OTHER POST EMPLOYMENT BENEFITS**

**General Information about the OPEB Plan**

*Plan Description.* Medford Area Public School District’s Post Employment Trust (“Plan”) provides other postemployment benefits (OPEB) benefits to eligible retirees and their spouses; currently this consists of teachers, administrators, and support staff. The District’s Plan is a single-employer defined benefit post-employment welfare benefits plan. The Plan’s authority is governed by the trust document and the laws of the State of Wisconsin. Amendments to the Plan may be made at any time by the District, who is the sole trustee of the Plan. The Plan does not issue a publicly available financial report.

*Plan membership(as of the June 30, 2020 measurement date):*

Inactive plan members and beneficiaries receiving benefits	14
Inactive plan members and beneficiaries entitled to but not yet receiving benefit payments (waived coverage)	11
Active plan members	360
	385

*Benefits Provided.* The Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. The trust document grants the District the authority to establish and amend the benefit terms.

*Employees covered by benefit terms.* At June 30, 2021, the following employees were covered by the benefit terms:

	<u>Percent of Premium</u>	<u>Administrators</u>	<u>Teachers</u>	<u>Support Staff</u>
Employer	90% if hired prior to 7/1/2004 for a period of 8 years Specified credit if hired 7/1/2004 to 7/1/2005	\$39,160 for 15 years of service \$41,160 for 20 years of service \$43,160 for 25 years of service \$48,160 for 30 years of service	Up to a total of \$17,000 \$18,000 for 20 years of service \$19,000 for 25 years of service \$21,000 for 30 years of service	
Employee	Hired prior to 7/1/2004 - 10% Hired 7/1/2004 to 7/1/2005: amounts in excess of employer amounts noted above.	Amounts in excess of the employer amounts noted above	Amounts in excess of the employer amounts noted above	

Note: This credit is paid as a lump sum upon retirement into an H.R.A account held within the District's Irrevocable Trust.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**General Information about the OPEB Plan (Continued)**

Covered employee groups must meet the following eligibility guidelines:

**Administration:** Must be at least 55 years of age with a minimum of 12 years of service in the district or no less than a total of 25 years of teaching and administrative experience in the District. See table for contribution amounts and percentages the District will contribute towards medical premiums on behalf of this retiree until Medicare-eligibility or death, whichever occurs first.

**Teachers:** Must be at least 55 years of age with a minimum of 15 years of service in the district. See table for contribution amounts and percentages the District will contribute towards medical premiums on behalf of this retiree until Medicare-eligibility or death, whichever occurs first.

**Support staff:** Must be at least 55 years of age with a minimum of 15 years of service in the district. See table for contribution amounts and percentages the District will contribute towards medical premiums on behalf of this retiree until Medicare-eligibility or death, whichever occurs first.

*Contributions.* The District shall make contributions to the trust from time to time, as it deems appropriate or legally required. The District has no legal obligation to contribute to the trust. Prior to the July 1, 2015 measurement period, the Plan was fully funded by making actuarially determined contributions to the Plan. The only Plan members required to contribute are the administrators hired prior to 7/1/2004 as noted in the previous table. For the year ended June 30, 2021, plan members contributed \$0 or 0% of total premiums.

*Implicit rate subsidy.* This exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or equivalent rate paid by the retirees may be lower than they would if the retirees were rated separately.

Of eligible Administrators hired between July 4, 2004 and July 1, 2005 and Teachers hired prior to July 1, 2020, who are currently electing coverage on the District's group health plan, 60% were assumed to use their medical credit to remain on the District's plan. Further, one-half of these individuals (i.e., 30%) were assumed to remain on the District's plan upon exhaustion of their credit by self-paying the full amount (100%) of the Support Staff hired prior to July 1, 2020, who are currently electing coverage, 30% were assumed to use their credit to remain on the District's plan and one-half of these individuals (i.e., 15%) were assumed to remain on the plan until Medicare eligibility upon exhaustion of their credit, if retiring prior to July 1, 2026.

20% of Administrators hired after July 1, 2005 and Teachers and Support Staff hired after July 1, 2020, currently electing coverage were assumed to continue to participate in the District's group medical plan in retirement for 18 months at the Single coverage level. The liability incurred on behalf of the above assumptions was calculated and included in the valuation.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8     OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Investments**

*Investment policy.* The Plan's policy in regard to the allocation of invested assets is established and may be amended by the District by a majority vote of its members. It is the policy of the Plan to invest in assets as permitted by Wisconsin State Statutes.

*Concentrations.* The Plan did not have any investments that represent 5 percent or more of the OPEB Plan's fiduciary net position.

*Rate of Return.* For the year ended June 30, 2021, the annual money-weighted rate of return on the investments, net of investment expense was 12.13% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**Note 8 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Receivables**

As of June 30, 2021 the Plan reported \$427,045 as an amount due from other funds; this represents contributions receivable to the Plan as of June 30, 2021.

**Change in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB (Asset) Liability
<b>Balances at 6/30/19</b>	\$ 4,823,626	\$ 3,056,288	\$ 1,767,338
<b>Changes for the year:</b>			
Service cost	323,154	-	323,154
Interest	167,847	-	167,847
Changes of benefit terms	(290,656)	-	(290,656)
Differences between expected and actual experience	502,732	-	502,732
Changes of assumptions or other input	75,740	-	75,740
Contributions - employer	-	162,034	(162,034)
Net investment income	-	87,193	(87,193)
Benefit payments	(379,135)	(379,135)	-
<b>Net changes</b>	<u>399,682</u>	<u>(129,908)</u>	<u>529,590</u>
<b>Balances at 6/30/20 (measurement date)</b>	<u>\$ 5,223,308</u>	<u>\$ 2,926,380</u>	<u>\$ 2,296,928</u>

**Net OPEB Liability of the District**

The District calculates its net OPEB liability using amounts determined as of its most recent measurement date which was June 30, 2020. The components of the net OPEB liability of the District reported at June 30, 2021, were as follows:

	Net OPEB Obligation (Asset)
Total OPEB liability	\$ 5,223,308
Plan fiduciary net position	<u>(2,926,380)</u>
District's net OPEB liability	<u>\$ 2,296,928</u>

Plan fiduciary net position as a percentage of the total OPEB liability	<u>56.03%</u>
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**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Net OPEB Liability of the District (continued)**

*Actuarial Assumptions.* The total OPEB liability as of a measurement date of June 30, 2020, was determined by using roll-forward information from the actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00 percent
Salary increases	Ranging from 5.6% for year one to .1% at year 35
Investment rate of return	2.25 percent - expected long-term rate of return
Healthcare cost trend rates	6.50% decreasing by .10% per year down to 5.0%, and level thereafter

The actuarial assumptions used in the June 30, 2020 valuation including mortality rates, were based upon an experience study conducted in 2018 using the Wisconsin Retirement System (WRS) experience study from 2015-2017 utilizing premium rate history of the District’s medical plan as well as 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.

The long-term expected rate of return on OPEB plan investments was determined using the long-term expected rate of return equal to the 20-year AA municipal bond rate of 3.5%. Best estimates of the arithmetic real rates of return for each major asset class included in the target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
All investments	2.25 percent - expected long-term rate of return

*Discount rate.* The discount rate used to measure the total OPEB liability was 2.25 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position 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 the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.



**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Net OPEB Liability of the District (Continued)**

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the District, as well as, as well as what the District's net OPEB 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 (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Net OPEB liability (asset)	\$	<u>2,527,717</u>	<u>2,296,928</u>	<u>2,068,389</u>

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

		1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB liability (asset)	\$	<u>2,151,611</u>	<u>2,296,928</u>	<u>2,458,831</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$226,261. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflow of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	847,181	\$	-
Changes in assumptions		538,701		51,885
Net differences between projected and actual earnings on OPEB plan investments		-		15,227
District contributions subsequent to the measurement date	\$	427,045	\$	-
Total	\$	<u>1,812,927</u>	\$	<u>67,112</u>

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**Note 8 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflow of Resources
2021	\$ 108,883	\$ 5,273
2022	130,170	6,304
2023	128,450	6,220
2024	132,310	6,407
2025	128,954	6,245
Thereafter	757,115	36,663

**Payable to the OPEB Plan**

At June 30, 2021, the District reported a payable of \$427,045 for the 2020-2021 contribution to the OPEB plan.

**Changes in benefit terms**

There were no changes of benefit terms for any participating plan members relative to the OPEB during the year. The District provides teachers and support staff hired on or after July 1, 2020 with an annual HRA contribution during active years of service of \$750 and \$375, respectively, beginning with the year. These are funded into an irrevocable account and are not included within these OPEB benefits as they are actively-funded.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9 INTERFUND BALANCES AND ACTIVITY**

Interfund balance result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions recorded in the accounting system, (3) payments between funds are made.

Interfund balances for the year ended June 30, 2021, consisted of the following:

	<u>Due from other funds</u>	<u>Due to other funds</u>
<b><i>Governmental funds:</i></b>		
General fund:		
Due from fiduciary component unit	\$ 58,731	-
Due to capital projects fund		500,000
Due to fiduciary component unit	-	354,978
Non-major - Capital Projects fund:		
Due from general fund	500,000	-
Package/Cooperative fund:		
Due from fiduciary component unit	11,848	-
Due to fiduciary component unit	<u>-</u>	<u>72,067</u>
Subtotal - governmental funds	570,579	927,045
<b><i>Component unit - fiduciary funds:</i></b>		
Due from general fund	354,978	-
Due from package/cooperative fund	72,067	
Due to other funds	<u>-</u>	<u>70,579</u>
Subtotal - fiduciary funds	427,045	70,579
	<u>\$ 997,624</u>	<u>997,624</u>

Interfund transfers for the year ended June 30, 2021, consisted of the following:

	<u>Transfer from</u>	<u>Transfer to</u>
General fund	\$ 5,816,638	-
Non-major - Capital Projects	-	515,000
Package/Cooperative fund	<u>-</u>	<u>5,301,638</u>
	<u>\$ 5,816,638</u>	<u>5,816,638</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 10 NET POSITION**

Net position reported on the district wide statement of net position at June 30, 2021 includes the following:

***Governmental activities:***

Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 19,856,240
Less - related long-term debt outstanding	<u>(742,761)</u>
Total invested in capital assets	19,113,479

Restricted for:

Donor-specified purposes	407,535
Debt service	11,036
Future capital expenditures	540,041
Future community service expenditures	<u>134,984</u>
Total restricted	1,093,596

Unrestricted	<u>7,880,720</u>
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Total governmental activities net assets	<u>\$ 28,087,795</u>
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***Business-type activities:***

Invested in capital assets, net of related debt:

Capital assets, net of accumulated depreciation	\$ <u>284,404</u>
Total invested in capital assets	284,404

Restricted for:

Future food service operations	<u>671,559</u>
Total restricted	671,559

Unrestricted	<u>-</u>
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Total business-type activities net assets	<u>\$ 955,963</u>
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**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11 RISK MANAGEMENT**

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

**Note 12 COMMITMENTS AND CONTINGENCIES**

The District was a 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 legal counsel that the likelihood is remote that any of these claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

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

**Note 13 LIMITATION OF SCHOOL DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by legislature.

This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

For the year ended June 30, 2021 the District did not exceed this limitation.

**Note 14 COVID-19**

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the District may be both direct and indirect and will vary based on the duration of the outbreak and other factors. An estimate of the financial effect on the District's financial statement on June 30, 2021 cannot be determined at this time.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 15    SUBSEQUENT EVENT**

In July 2021, the District issued a \$805,600 general obligation note to pay for various capital projects in the upcoming school year.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2021**

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local	\$ 6,446,238	\$ 6,446,238	\$ 6,450,485	\$ 4,247
Interdistrict	7,667,347	7,667,347	7,773,036	105,689
Intermediate	62,230	62,230	110,298	48,068
State	16,921,643	16,921,644	17,026,594	104,950
Federal	855,011	855,010	797,556	(57,454)
Other	45,000	45,000	147,599	102,599
Total revenues	<u>31,997,469</u>	<u>31,997,469</u>	<u>32,305,568</u>	<u>308,099</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	10,685,454	10,685,454	10,575,623	109,831
Vocational	860,585	860,585	808,279	52,306
Other	1,384,573	1,384,573	1,279,816	104,757
Total instruction	<u>12,930,611</u>	<u>12,930,611</u>	<u>12,663,718</u>	<u>266,894</u>
Support services				
Pupil services	657,649	657,649	695,816	(38,167)
Instructional support services	1,281,347	1,281,347	1,309,936	(28,589)
Central administration	342,154	342,154	372,141	(29,987)
School administration	1,410,032	1,410,032	1,267,536	142,496
Business administration	4,072,442	4,072,442	3,975,673	96,769
Central services	140,800	140,800	109,232	31,568
Debt service	40,000	40,000	25,476	14,524
Other support services	827,900	827,900	666,766	161,134
Total support services	<u>8,772,324</u>	<u>8,772,324</u>	<u>8,422,576</u>	<u>349,748</u>
Non-Program				
General tuition payments	375,000	375,000	399,916	(24,916)
Other	-	-	1,103	(1,103)
Total non-program	<u>375,000</u>	<u>375,000</u>	<u>401,019</u>	<u>(26,019)</u>
Total expenditures	<u>22,077,935</u>	<u>22,077,935</u>	<u>21,487,313</u>	<u>590,623</u>
Excess of revenues over expenditures	9,919,534	9,919,534	10,818,255	898,721
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of non-capital assets	4,000	4,000	4,107	107
Transfer to other funds	(9,923,534)	(9,923,534)	(9,806,360)	117,174
Total other financing sources (uses)	<u>(9,919,534)</u>	<u>(9,919,534)</u>	<u>(9,802,253)</u>	<u>117,281</u>
Net change in fund balances	-	-	1,016,002	1,016,002
Fund balances - beginning of year	4,987,019	4,987,019	4,987,019	-
Fund balances - end of year	<u>\$ 4,987,019</u>	<u>\$ 4,987,019</u>	<u>\$ 6,003,021</u>	<u>\$ 1,016,002</u>

See accompanying notes to budgetary comparison schedule.



**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - PACKAGE/COOPERATIVE FUND  
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	\$ 1,585,361	\$ 1,585,361	\$ 2,318,135	\$ 732,774
Total revenues	<u>1,585,361</u>	<u>1,585,361</u>	<u>2,318,135</u>	<u>732,774</u>
<b>EXPENDITURES</b>				
Instruction	1,299,465	1,299,465	1,732,112	(432,647)
Support services	<u>6,404,241</u>	<u>6,404,241</u>	<u>5,887,661</u>	<u>516,580</u>
Total expenditures	<u>7,703,706</u>	<u>7,703,706</u>	<u>7,619,773</u>	<u>83,933</u>
Excess of revenues over expenditures	(6,118,345)	(6,118,345)	(5,301,638)	816,707
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from other funds	6,118,345	6,118,345	5,301,638	(816,707)
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>6,118,345</u>	<u>6,118,345</u>	<u>5,301,638</u>	<u>(816,707)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to budgetary comparison schedule.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**June 30, 2021**

**Note 1 EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND  
OUTFLOWS AND GAAP REVENUES, EXPENDITURES AND OTHER  
FINANCING SOURCES (USES)**

Financial Statement Major Fund	<u>General Fund</u>
<b>Revenues:</b>	
Actual amounts from the budgetary comparison schedule	\$ 32,305,568
Adjustments:	
Revenues in the special education fund do not meet the definition of a special revenue fund for financial reporting (GAAP) and therefore are combined and reported with the general fund in the appropriate revenue classification on the statement of revenues, expenditures and changes in fund balances - governmental funds for financial reporting	<u>2,389,805</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 34,695,373</u>
<b>Expenditures:</b>	
Actual amounts from the budgetary comparison schedule	\$ 21,487,313
Adjustments:	
Expenditures in the special education fund do not meet the definition of a special revenue fund for financial reporting (GAAP) and therefore are combined and reported with the general fund in the appropriate expenditure classification on the statement of revenues, expenditures and changes in fund balances - governmental funds for financial reporting	<u>6,379,527</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 27,866,840</u>

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**June 30, 2021**

**Note 1 EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) - Continued**

Financial Statement Major Fund	<u>General Fund</u>
<b>Other financing sources (uses)</b>	
Actual amounts from the budgetary comparison schedule	\$ (9,802,253)
Adjustments:	
For financial (GAAP ) reporting purposes, the special education fund maintained by the District does not meet the definition of a special revenue fund and is combined with the general fund. For budgetary purposes, a transfer from the general fund to cover the deficit in the special education fund is provided. This transfer out of the general fund and related transfer in to the special education fund is eliminated in the presentation of the combined funds in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>3,989,722</u>
Total other financing sources (uses) as reported on the statement of revenues expenditures and changes in fund balances - governmental funds	<u>\$ (5,812,531)</u>

**Note 2 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

For the year ended June 30, 2021 the following general fund functions had an excess of actual expenditures over the final budget amounts.

General fund:	
Pupil services	\$ 38,167
Instructional support services	28,589
Central administration	29,987
General tuition payments	24,916
Other non-program	1,103
	<u>\$ 122,762</u>
Other Funds:	
Special education fund	\$ 239,767
Debt service fund	1,725,850
Food service fund	152,885
Community service fund	28,538
	<u>\$ 2,147,040</u>

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021**

**SCHEDULE OF CHANGES IN THE DISTRICT'S  
NET OPEB LIABILITY AND RELATED RATIOS**

	Last 10 Fiscal Years*				
	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>					
Service cost	\$ 323,154	\$ 300,740	\$ 188,401	\$ 202,459	\$ 202,459
Interest	167,847	174,266	115,718	106,738	112,868
Changes in benefit terms	(290,656)	-	258,970	-	-
Differences between expected and actual experience	502,732	-	498,057	-	-
Changes in assumptions or other input	75,740	64,093	538,919	(77,829)	-
Benefit payments	<u>(379,135)</u>	<u>(424,393)</u>	<u>(206,345)</u>	<u>(745,772)</u>	<u>(293,519)</u>
<b>Net change in total OPEB liability</b>	399,682	114,706	1,393,720	(514,404)	21,808
<b>Total OPEB liability - beginning</b>	<u>4,823,626</u>	<u>4,708,920</u>	<u>3,315,200</u>	<u>3,829,604</u>	<u>3,807,796</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 5,223,308</u>	<u>\$ 4,823,626</u>	<u>\$ 4,708,920</u>	<u>\$ 3,315,200</u>	<u>\$ 3,829,604</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 162,034	\$ 63,090	\$ 80,467	\$ 50,267	\$ 22,774
Net investment income	87,193	134,705	113,058	204,445	50,997
Benefit payments	<u>(379,135)</u>	<u>(424,393)</u>	<u>(206,345)</u>	<u>(745,772)</u>	<u>(293,519)</u>
<b>Net change in plan fiduciary net position</b>	(129,908)	(226,598)	(12,820)	(491,060)	(219,748)
<b>Plan fiduciary net position - beginning</b>	<u>3,056,288</u>	<u>3,282,886</u>	<u>3,295,706</u>	<u>3,786,766</u>	<u>4,006,514</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 2,926,380</u>	<u>\$ 3,056,288</u>	<u>\$ 3,282,886</u>	<u>\$ 3,295,706</u>	<u>\$ 3,786,766</u>
<b>District's net OPEB liability - ending [(a) - (b)]</b>	\$ 2,296,928	\$ 1,767,338	\$ 1,426,034	\$ 19,494	\$ 42,838
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	56.03%	63.36%	69.72%	99.41%	98.88%
<b>Covered-employee payroll</b>					
<b>District's net OPEB liability as a percentage of covered-employee payroll</b>	\$ 16,775,765	\$ 14,447,870	\$ 14,447,870	\$ 11,656,266	\$ 11,656,266
	13.69%	12.23%	9.87%	0.17%	0.37%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Amounts are presented only for the years for which this information is available.

See accompanying notes to the Schedules of Changes in the District's Net OPEB Liability and Related Ratios and the District's Contributions.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS**

	Last 10 Fiscal Years*				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 392,001	\$ 392,001	\$ 210,718	\$ 210,718	\$ 44,470
Contributions in relation to the actuarially determined contribution	162,034	63,090	80,467	50,267	22,774
Contribution deficiency (excess)	<u>\$ 229,967</u>	<u>\$ 328,911</u>	<u>\$ 130,251</u>	<u>\$ 160,451</u>	<u>\$ 21,696</u>
District's covered-employee payroll	\$ 16,775,765	\$ 14,447,870	\$ 14,447,870	\$ 11,656,266	\$ 11,656,266
Contributions as a percentage of covered-employee payroll	0.97%	0.44%	0.56%	0.43%	0.20%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Amounts are presented only for the years for which this information is available.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF**  
**CHANGES IN THE DISTRICT’S NET OPEB LIABILITY AND RELATED RATIOS**  
**AND DISTRICT’S CONTRIBUTIONS**  
**June 30, 2021**

**Note 1 DISCLOSURE OF CHANGES OF BENEFIT TERMS AND ASSUMPTIONS**

*Changes of benefit terms.* There were no changes of benefit terms for any participant in OPEB plan.

*Changes of assumptions.* There were no changes in the assumptions.

**Note 2 DISCLOSURE OF VALUATION DATE, METHODS AND ASSUMPTIONS USED TO DETERMINE ACTUARILY DETERMINED CONTRIBUTIONS**

Valuation date: Actuarially determined contributions are calculated as of June 30, 2020.

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal - level % of salary	
Amortization method/period	30 year level dollar	
Amortization period	30 years	
Asset valuation method	Market Value	
Inflation	2.00%	
Health cost trend rates	6.50% decreasing by .10% per year down to 5.0%, and level thereafter	
Salary increases:	<u>Service</u>	<u>Increase</u>
	1	5.6%
	2	5.6%
	3	5.2%
	4	4.7%
	5	4.3%
	10	2.6%
	15	1.4%
	20	0.6%
	25	0.3%
	30	0.2%
	35	0.1%
Investment rate of return	Based on 2.25% long-term expected rate of return	
Retirement age	Per experience study conducted in 2018 using WRS experience from 2015-17	
Mortality	Per Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (x 60%)	

**MEDFORD SCHOOL**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2021**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (ASSET)  
COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN**

Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.09687601%	0.09286166%	0.08983958%	0.08736266%	0.08612797%	0.08536503%	0.08523595%
District's proportionate share of the net pension liability (asset)	\$ (6,048,107)	\$ (2,994,283)	\$ 3,196,210	\$ (2,593,901)	\$ 709,900	\$ 1,387,165	\$ (2,093,628)
District's covered-employee payroll	16,727,678	15,470,065	14,376,111	13,111,715	12,650,961	12,252,317	13,140,912
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-36.16%	-19.36%	22.23%	-19.78%	5.61%	11.32%	-15.93%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN**

Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,129,118	\$ 1,013,289	\$ 963,199	\$ 891,596	\$ 834,963	\$ 833,158	\$ 829,505
Contributions in relation to the contractually required contributions	1,129,118	1,013,289	963,199	891,596	834,963	833,158	829,505
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	16,727,678	15,470,065	14,376,111	13,111,715	12,650,961	12,252,317	13,140,912
Contributions as a percentage of covered-employee payroll	6.75%	6.55%	6.70%	6.80%	6.60%	6.80%	6.31%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Amounts are presented only for the years for which this information is available.

See accompanying notes to the District's proportionate share of the net pension liability (asset) and District's contributions schedules.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**NOTE TO THE SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY (ASSET) AND DISTRICT'S CONTRIBUTIONS**  
**June 30, 2021**

**Note 1           DISCLOSURE OF CHANGES OF BENEFIT TERMS AND ASSUMPTIONS**

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

*Changes of assumptions.* There were no changes in the assumptions.



**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
SUPPLEMENTAL INFORMATION  
June 30, 2021**

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2021**

	<u>Special Revenue Trust Fund</u>	<u>Capital Projects Fund</u>	<u>Community Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 415,533	\$ 20,041	\$ 133,087	\$ 568,661
Accounts receivable	-	-	125	125
Due from other governments	-	-	4,245	4,245
Due from other funds	-	500,000	-	500,000
Total assets	<u>\$ 415,533</u>	<u>\$ 520,041</u>	<u>\$ 137,457</u>	<u>\$ 1,073,031</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 7,998</u>	<u>\$ -</u>	<u>\$ 2,473</u>	<u>\$ 10,471</u>
Total liabilities	<u>7,998</u>	<u>-</u>	<u>2,473</u>	<u>10,471</u>
Fund balances (deficits):				
Restricted for:				
District operations per donor specifications	407,535	-	-	407,535
Future capital projects	-	520,041	-	520,041
Future community service expenditures	-	-	134,984	134,984
Total fund balances	<u>407,535</u>	<u>520,041</u>	<u>134,984</u>	<u>1,062,560</u>
Total liabilities and fund balances	<u>\$ 415,533</u>	<u>\$ 520,041</u>	<u>\$ 137,457</u>	<u>\$ 1,073,031</u>

**MEDFORD AREA PUBLIC SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	Special Revenue Trust Fund	Capital Projects Fund	Community Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Local	\$ 336,309	\$ 36	\$ 299,501	\$ 635,846
Federal	-	-	18,371	18,371
	336,309	36	317,872	654,217
<b>EXPENDITURES</b>				
Instruction:				
Regular	25,127	-	-	25,127
Vocational	430	-	-	430
Other	-	-	-	-
Total instruction	25,557	-	-	25,557
Support services:				
Pupil services	8,228	-	-	8,228
Instructional staff services	-	-	-	-
General administration services	-	-	59,489	59,489
School administration services	120,210	-	118,849	239,059
Business services	-	-	-	-
Operations and maintenance of plant services	66,899	-	2,363	69,262
Pupil transportation	-	-	827	827
Other support services	-	-	7,500	7,500
Community service	-	-	128,503	128,503
Total support services	195,337	-	317,531	512,868
Total expenditures	220,894	-	317,531	538,425
Excess (deficiency) of revenues over (under) expenditures	115,415	36	340	115,791
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	515,000	-	515,000
Total other financing sources	-	515,000	-	515,000
Net change in fund balances	115,415	515,036	340	630,791
Fund balances - beginning of year	292,120	5,005	134,644	431,769
Fund balances - end of year	\$ 407,535	\$ 520,041	\$ 134,984	\$ 1,062,560

**MEDFORD AREA PUBLIC SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS  
Year Ended June 30, 2021**

<u>Operating Activity</u>	<u>WUFAR Object Code</u>	<u>Cost</u>
Employee salaries	100	\$ 78,053
Employee benefits	200	25,792
<b>Total</b>		<b>\$ 103,845</b>

**MEDFORD SCHOOL  
SCHEDULE OF CHARTER SCHOOL AUTHORIZER SERVICES AND COSTS  
Year Ended June 30, 2021**

<u>Services Provided</u>	<u>Function Code</u>	<u>Cost</u>
General Administration	235000	\$ 103,845
<b>Total</b>		<b>\$ 103,845</b>