

**MADISON METROPOLITAN  
SCHOOL DISTRICT  
Madison, Wisconsin**

**FINANCIAL STATEMENTS  
June 30, 2013**

**MADISON METROPOLITAN SCHOOL DISTRICT**  
Madison, Wisconsin

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## Independent Auditors' Report

Board of Directors  
Madison Metropolitan School District  
Madison, Wisconsin

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison Metropolitan School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison Metropolitan School District as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the General Fund, and the schedule of funding progress for retiree's health plan on pages 3 through 13, and 50 through 52, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison Metropolitan School District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013, on our consideration of the Madison Metropolitan School 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison Metropolitan School District's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

Middleton, Wisconsin  
November 15, 2013

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

This discussion and analysis of the Madison Metropolitan School District's financial information provides an overall review of financial activities for the fiscal year. The analysis generally focuses on school district financial performance as a whole.

## **FINANCIAL HIGHLIGHTS**

- The District's financial position, as reflected in governmental net position, decreased by \$4,466,081.
- The District's General Fund equity decreased by \$1,630,294.
- As demonstrated in Note 9 the District maintains a margin of available indebtedness and has available \$2.148 billion of its bonding authority.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **District-wide financial statements**

- The district-wide financial statements are the *statement of net position* and *statement of activities*. These statements present an aggregate view of the District's finances in a manner similar to private sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*.
- The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 14 to 15 of this report.

### **Fund financial statements**

- The District also produced *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.
- There are two governmental fund financial statements, the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance*. Generally, governmental fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of governmental fund financial statements is narrower than that of the district-wide statements, it is useful to make comparison between the information presented. By doing so, readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

- The District has two kinds of funds: *governmental* and *fiduciary*. *Governmental funds* include the District's seven permanent funds (general, special revenue trust, special education, debt service, food service, community service, and cooperative funds) and individual capital project funds as needed. The *fiduciary funds* for the District serve as an agency fund for student and parent organizations and scholarship funds.
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund and special education fund. Data for the special revenue trust, debt service, capital project, food service, cooperative and community service funds is combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information. The governmental fund financial statements are on pages 16 to 18 of this report.
- The District serves as a trustee, or *fiduciary*, for student and parent organizations and scholarship fund. The assets of these organizations do not directly benefit nor are they under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations. *Fiduciary* fund statements are presented on pages 19 to 20.
- The District adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statements are on pages 56 to 57 and 60 to 65 of this report.

**Notes to the financial statements**

The *notes to the financial statements* provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 48 of this report.

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

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net position, and  Statement of activities.	Balance sheet, and  Statement of revenues, expenditures, and changes in fund balance.	Statement of fiduciary net position, and  Statement of changes in fiduciary net position.

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Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

## FINANCIAL ANALYSIS

### The District as a Whole

**Net position.** Table 1, below, provides a summary of the District's net position for the years ended June 30, 2012 and 2013.

	Governmental Activities		% Change
	<u>2012</u>	<u>2013</u>	<u>2012-2013</u>
<b>Assets</b>			
Total current assets	\$ 144,374,429	\$ 140,963,713	(2.36)%
Total noncurrent assets	138,512,213	139,055,693	0.39%
<b>Total assets</b>	<b>282,886,642</b>	<b>280,019,406</b>	<b>(1.01)%</b>
<b>Liabilities</b>			
Total current liabilities	100,779,497	96,499,228	(4.25)%
Total noncurrent liabilities	142,767,726	148,646,840	4.12%
<b>Total liabilities</b>	<b>243,547,223</b>	<b>245,146,068</b>	<b>0.66%</b>
<b>Net position</b>			
Net investment in capital assets	103,784,969	104,990,313	1.16%
Restricted:			
Bassett Funds	362,366	362,497	0.04%
Debt service	3,094,477	261,518	(91.55)%
Capital projects	1,093,870	1,735,722	58.68%
Donations	682,290	773,140	13.32%
Unrestricted	(69,678,553)	(73,249,852)	5.13%
<b>Total liabilities and net position</b>	<b>\$ 282,886,642</b>	<b>\$ 280,019,406</b>	<b>(1.01)%</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
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The calculation of net position uses a historical cost for school buildings that may not accurately reflect the current value.

The majority of buildings within the District are in good condition due to general operating funds used for maintenance and repair. We continue to prioritize projects associated with these funds on an annual basis, making sure these limited resources are spent where they are needed.

**Change in net position.** Table 2 shows the changes in net position for the fiscal years 2012 and 2013.

**Table 2**

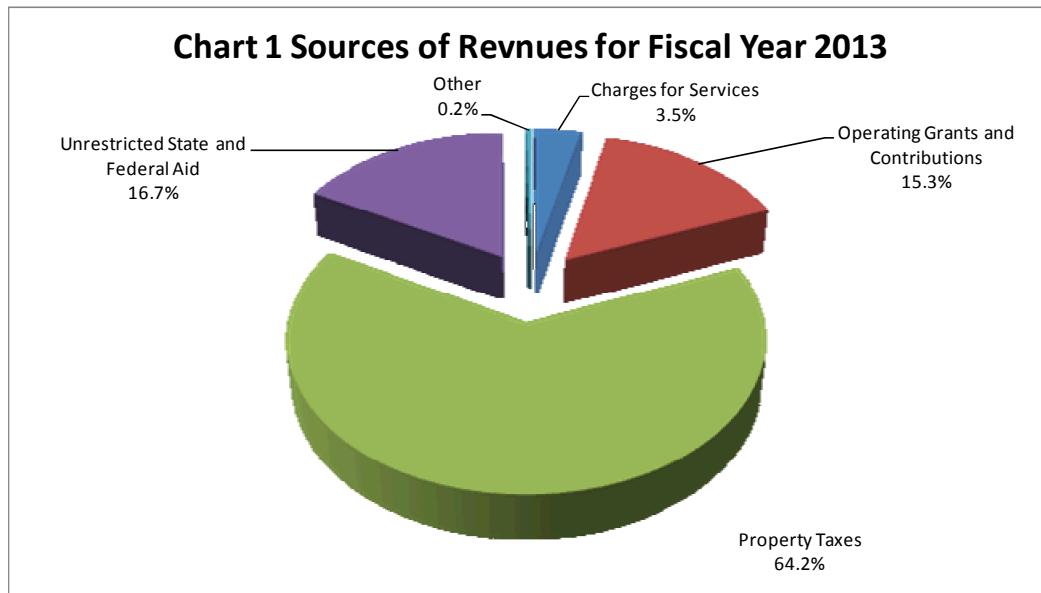
	Total School District	
	<u>2012</u>	<u>2013</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 16,626,291	\$ 13,749,287
Operating grants and contributions	65,470,385	59,716,319
General revenues		
Property taxes		
General purposes	226,326,156	230,327,884
Capital projects	3,630,939	2,054,223
Debt service	6,976,381	5,681,809
Community service	8,130,573	11,808,865
State and federal aids not restricted to specific functions	48,259,974	64,972,815
Interest and investment earnings	649,506	366,121
Miscellaneous	73,626	555,052
Special Item-funds released from escrow	1,886,620	-
<b>Total revenues</b>	<u>378,030,451</u>	<u>389,232,375</u>
<b>Expenses</b>		
<b>Governmental activities</b>		
Instruction	201,899,477	208,913,220
Support services	165,005,579	174,566,353
Nonprogram	9,107,538	10,218,883
<b>Total expenses</b>	<u>376,012,594</u>	<u>393,698,456</u>
Change in net position	2,017,857	(4,466,081)
Net position, beginning of year	37,321,562	39,339,419
<b>Net position, end of year</b>	<u>\$ 39,339,419</u>	<u>\$ 34,873,338</u>

**Revenues**

- As shown, general state aid and general federal aid provide about 15.3% of the funding for governmental activities. In addition, the District relies on property taxes for 65.2% of its revenues as shown on Chart 1 below.

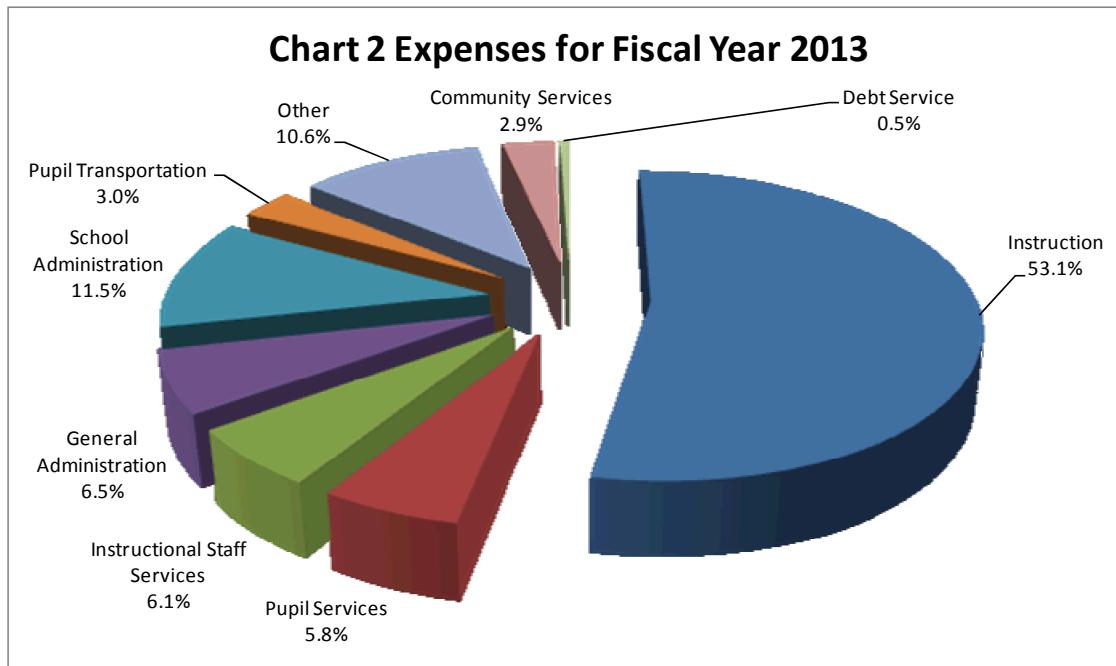
**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

- Program revenues, in the form of charges for services and operating grants and contributions, accounted for approximately 20% of the total revenues.



## Expenses

The District continued effective management of resources and improved efforts to take advantage of additional funding sources. Expenses by major function are illustrated in Chart 2.



**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

## Governmental Activities

**Net cost of governmental activities.** Table 3 reports the cost of eleven major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

**Table 3**  
**Net Cost of Governmental Activities**  
**June 30, 2013**

<b>Functions/Programs</b>	<b>Total Cost</b>		<b>Revenues</b>		<b>2012 Net Cost of Services</b>	<b>2013 Net Cost of Services</b>
	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>		
Total instruction	\$ 201,899,477	\$ 208,913,220	\$ 46,432,408	37,514,998	\$ 155,467,069	\$ 171,398,222
Pupil services	22,344,177	22,954,177	7,639,204	9,651,963	14,704,973	13,302,214
Instructional staff services	22,704,788	24,043,309	6,785,411	8,006,320	15,919,377	16,036,989
General administration services	25,331,822	25,628,563	829,112	454,508	24,502,710	25,174,055
Building administration services	40,909,422	45,113,112	11,866,846	11,201,133	29,042,576	33,911,979
Pupil transportation services	10,368,977	11,836,297	1,088,929	1,570,044	9,280,048	10,266,253
Other support services	25,769,585	26,941,838	3,566,721	911,282	22,202,864	26,030,556
Community services	10,846,786	11,546,107	3,888,045	4,155,358	6,958,741	7,390,749
Debt service	2,352,862	1,968,383	-	-	2,352,862	1,968,383
Depreciation-unallocated	4,377,160	4,534,567	-	-	4,377,160	4,534,567
Non-program	9,107,538	10,218,883	-	-	9,107,538	10,218,883
<b>Total governmental activities</b>	<b>\$ 376,012,594</b>	<b>\$ 393,698,456</b>	<b>\$ 82,096,676</b>	<b>\$ 73,465,606</b>	<b>\$ 293,915,918</b>	<b>\$ 320,232,850</b>

## Governmental Funds

The District completed the year with a total governmental fund balance of \$58,489,109.

The District's general fund balance provides the following:

- To minimize any short-term borrowing during the annual operating cycle;
- A safeguard against unanticipated expenditures and/or unrealized revenues; and,
- A demonstration of sound fiscal management, resulting in a high credit rating and reducing District financing costs.

The debt service fund balance is, as required by statute, adequate to cover debt payments that are scheduled prior to January 20 of the subsequent year.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

The components of the District's governmental fund balances are as follows in Table 4. The District's fund balance classifications are expanded under GASB Statement 54 to enhance the usefulness of the information:

**Table 4**  
**Governmental Fund Balances**  
**Year Ended June 30, 2013**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Nonspendable			
Inventories and prepaid items	\$ 222,475	\$ 225,396	\$ 447,871
Endowment - Bassett Funds	362,497	-	362,497
Restricted			
Capital projects	-	7,745,040	7,745,040
Debt service retirement	-	2,350,161	2,350,161
Donations	-	773,140	773,140
Committed			
Board designated as committed	3,093,645	-	3,093,645
Bassett Funds	76,518	-	76,518
Assigned			
Encumbrances	335,352	-	335,352
Community service	-	2,307,799	2,307,799
Unassigned	<u>41,222,482</u>	<u>(225,396)</u>	<u>40,997,086</u>
<b>Totals</b>	<b>\$ 45,312,969</b>	<b>\$ 13,176,140</b>	<b>\$ 58,489,109</b>

#### **General Fund Budget**

The District approves an interim budget in June for the subsequent year (beginning July 1<sup>st</sup>). Consistent with current state statutes and regulations, a final budget is adopted in October. In October, following determination of official enrollment and certification of general state aids, the budget is adjusted. The District monitored and adjusted its original 2012-2013 budget as follows:

- ❖ Adjusted for several state and federal grants.
- ❖ Adjustments and Amendments based on actuals versus projections when preliminary budget was created.
- ❖ Adjustments in salary and fringe budgets to reflect actual staff assigned to positions.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the 2013 fiscal year, the District had invested \$287,294,025 in a broad range of capital assets, including buildings, sites, library books, and equipment (see Table 5). Additional information about capital assets can be found in Note 4. Total accumulated depreciation on these assets was \$148,238,332 for governmental activities.

**Table 5**  
**Capital Assets**  
**June 30, 2013**

	<b>Governmental Activities</b>		<b>% Change</b>
	<b>2012</b>	<b>2013</b>	
Land and construction in progress	\$ 9,714,471	\$ 11,034,549	13.59%
Buildings and building improvements	249,974,739	254,376,976	1.76%
Furniture and equipment	23,055,316	21,882,500	(5.09)%
Less accumulated depreciation	(144,232,313)	(148,238,332)	2.78%
	<u>\$ 138,512,213</u>	<u>\$ 139,055,693</u>	<u>0.39%</u>

**Long-Term Debt and Obligations**

At year-end, the District had \$162,057,025 in general obligation bonds and other long-term obligations of which \$13,410,185 is due within one year of the close date of June 30, 2013 (see Table 6).

**Table 6**  
**Long Term Debt**

	<b>Balance</b> <b>2012</b>	<b>Balance</b> <b>2013</b>	<b>Due Within</b> <b>One Year</b>	<b>Noncurrent</b> <b>Liabilities</b>
Notes and loans	\$ 1,080,000	\$ 10,180,000	\$ 1,000,000	\$ 9,180,000
Bonds	61,370,000	58,300,000	3,505,000	54,795,000
Deferred amounts for premium/discount	614,004	509,469	-	509,469
Total general obligation debt	63,064,004	68,989,469	4,505,000	64,484,469
Capital leases	2,437,095	523,902	503,359	20,543
Other postemployment benefits	6,403,096	8,471,005	-	8,471,005
Vested employee benefits	82,983,979	84,072,649	8,401,826	75,670,823
<b>Totals</b>	<b>\$ 154,888,174</b>	<b>\$ 162,057,025</b>	<b>\$ 13,410,185</b>	<b>\$ 148,646,840</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

**TABLE 7**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**As of June 30, 2013**

<b>Net change in fund balances - total governmental funds</b>	\$ 2,241,309
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense reported in the statement of activities.	
Capital outlay reported in governmental fund statements	5,563,132
Depreciation expense reported in the statement of activities	(5,010,669)
Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.	
Special termination of benefits paid in current year	7,835,626
Special termination of benefits earned in current year	(8,217,170)
An implicit rate subsidy is incurred by the District as retired employees are covered by the District's insurance plan.	
Employer contributions in the current year to the implicit rate subsidy	1,855,000
Actuarially determined costs of the implicit rate subsidy	(3,922,909)
Sick leave is reported in government funds when amounts are paid. The statement of activities reports the expected value of sick leave funds being used for future benefit to the employee. The change in the expected value is smaller in the current year	
	(707,125)
Repayment of principal on long-term obligations is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term obligations in the statement of net position, and does not affect the statement of activities.	
The amount of long-term obligations principal payments in the current year	4,983,193
Long-term bonds and notes are reported in governmental funds as an other financing source, but are reported as an increase in outstanding long-term debt statement of net position, and does not affect the statement of activities.	
The amount of long-term notes incurred is:	(9,100,000)
The District disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net position as a net loss and has no affect on the governmental fund balance sheet.	
The difference in the value of assets net of recaptured depreciation	(8,983)
Long-term bond premiums and discounts are reported in governmental funds as other sources and debt service, respectively, but should be amortized over the life of the bonds in the statement of activities.	
Current year amortization of premium/discount	104,535
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.	
The amount of interest paid during the current period	1,886,363
The amount of interest accrued during the current period	<u>(1,968,383)</u>
<b>Change in net position - governmental activities</b>	<u>\$ (4,466,081)</u>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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

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

- **Elementary Capacity.** Many of MMSD's elementary schools are operating at or near full capacity. Program changes, such as the addition of four-year old kindergarten, along with the reduction of 'mixed grade' classes in favor of 'straight grade' classes, have accounted for much of MMSD's available elementary capacity. MMSD will need to carefully monitor enrollment trends and elementary school capacities as part of a long-term facilities planning effort
- **Revenue Limits.** The District operates under a state mandated revenue limit. Revenue limit increases are expected to be in the 1-2% range for the next two years. The District must be very disciplined concerning spending priorities to operate within the revenue limit.
- **General Fund Balance.** The General Fund Balance stands at \$45,312,969 million, or 13.53% of General Fund Expenditures. Board policy calls for a General Fund Balance between ten percent (10%) and fifteen percent (15%) of annual General Fund expenditures.
- **Unfunded Liabilities.** The District is assessing its unfunded post-employment liabilities and will conduct an updated actuarial valuation in 2014.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Michael G. Barry, Assistant Superintendent of Business Services  
Donna Williams, Director of Budget, Planning, and Accounting  
Madison Metropolitan School District  
545 West Dayton Street  
Madison, WI 53703

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and investments	\$ 52,695,178
Receivables	
Taxes	71,151,023
Accounts	5,667,436
Due from other governments	11,002,205
Inventories and prepaid items	447,871
<b>Total current assets</b>	<u>140,963,713</u>
<b>Noncurrent assets</b>	
Land	9,395,541
Construction in progress	1,639,008
Site improvements	2,778,678
Buildings and building improvements	251,598,298
Furniture and equipment	21,882,500
Less: Accumulated depreciation	(148,238,332)
<b>Total noncurrent assets</b>	<u>139,055,693</u>
<b>Total assets</b>	<u>280,019,406</u>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Short-term notes payable	53,000,000
Accounts payable	4,978,237
Payroll and related benefits payable	22,254,856
Interest payable	1,573,528
Unearned revenue	1,282,422
Current portion of long-term obligations	13,410,185
<b>Total current liabilities</b>	<u>96,499,228</u>
<b>Noncurrent liabilities</b>	
Noncurrent portion of long-term obligations	<u>148,646,840</u>
<b>Total liabilities</b>	<u>245,146,068</u>
<b>Net position</b>	
Net investment in capital assets	104,990,313
Restricted for	
Endowment - Bassett Fund	362,497
Capital projects	261,518
Debt service	1,735,722
Donations	773,140
Unrestricted (deficit)	(73,249,852)
<b>Total net position</b>	<u>\$ 34,873,338</u>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2013

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expenses) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>Governmental activities</b>				
Instruction				
Regular instruction	\$ 141,838,714	\$ 4,724,018	\$ 14,605,764	\$ (122,508,932)
Vocational instruction	4,268,750	46,121	169,786	(4,052,843)
Special education instruction	52,493,086	37,579	16,952,480	(35,503,027)
Other instruction	10,312,670	974,250	5,000	(9,333,420)
Total instruction	<u>208,913,220</u>	<u>5,781,968</u>	<u>31,733,030</u>	<u>(171,398,222)</u>
Support services				
Pupil services	22,954,177	248,711	9,403,252	(13,302,214)
Instructional staff services	24,043,309	331,491	7,674,829	(16,036,989)
General administration services	25,628,563	6,743	447,765	(25,174,055)
Building administration services	45,113,112	3,273,601	7,927,532	(33,911,979)
Pupil transportation services	11,836,297	275,873	1,294,171	(10,266,253)
Other support services	26,941,838	752,119	159,163	(26,030,556)
Community services	11,546,107	3,078,781	1,076,577	(7,390,749)
Interest on long-term debt	1,968,383	-	-	(1,968,383)
Depreciation-unallocated	4,534,567	-	-	(4,534,567)
Total support services	<u>174,566,353</u>	<u>7,967,319</u>	<u>27,983,289</u>	<u>(138,615,745)</u>
Nonprogram	<u>10,218,883</u>	<u>-</u>	<u>-</u>	<u>(10,218,883)</u>
<b>Total governmental activities</b>	<b><u>\$ 393,698,456</u></b>	<b><u>\$ 13,749,287</u></b>	<b><u>\$ 59,716,319</u></b>	<b><u>(320,232,850)</u></b>
<b>General revenues</b>				
Property taxes:				
General purposes				230,327,884
Debt service				2,054,223
Capital projects				5,681,809
Community service				11,808,865
State and federal aids not restricted to specific functions				64,972,815
Interest and investment earnings				366,121
Miscellaneous				<u>555,052</u>
<b>Total general revenues</b>				<b><u>315,766,769</u></b>
<b>Change in net position</b>				<b>(4,466,081)</b>
<b>Net position - beginning of year</b>				<b><u>39,339,419</u></b>
<b>Net position - end of year</b>				<b><u>\$ 34,873,338</u></b>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 43,431,025	\$ 9,264,153	\$ 52,695,178
Receivables			
Taxes	71,151,023	-	71,151,023
Accounts	4,413,396	1,256,504	5,669,900
Due from other governments	11,002,205	-	11,002,205
Due from other funds	1,359,297	5,932,128	7,291,425
Inventories and prepaid items	222,475	225,396	447,871
<b>Total assets</b>	<b>\$ 131,579,421</b>	<b>\$ 16,678,181</b>	<b>\$ 148,257,602</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Short-term note payable	\$ 53,000,000	\$ -	\$ 53,000,000
Accounts payable	2,807,818	2,063,265	4,871,083
Payroll and related benefits payable	22,254,856	-	22,254,856
Interest and deposit payable	959,089	-	959,089
Due to other organizations	107,154	-	107,154
Unearned revenue	999,563	282,859	1,282,422
Due to other funds	6,137,972	1,155,917	7,293,889
<b>Total liabilities</b>	<b>86,266,452</b>	<b>3,502,041</b>	<b>89,768,493</b>
<b>Fund balances</b>			
Nonspendable	584,972	225,396	810,368
Restricted	-	10,868,341	10,868,341
Committed	3,170,163	-	3,170,163
Assigned	335,352	2,307,799	2,643,151
Unassigned	41,222,482	(225,396)	40,997,086
<b>Total fund balances</b>	<b>45,312,969</b>	<b>13,176,140</b>	<b>58,489,109</b>
<b>Total liabilities and fund balances</b>	<b>\$ 131,579,421</b>	<b>\$ 16,678,181</b>	<b>\$ 148,257,602</b>

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

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

Governmental capital assets	\$ 287,294,025
Governmental accumulated depreciation	(148,238,332)
	\$ 139,055,693

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

General obligation debt	(68,480,000)
Premium on general obligation debt	(509,469)
Capital lease obligations	(523,902)
Net OPEB obligation	(8,471,005)
Accrued interest on general obligation debt	(614,439)
Vested employee benefits	(84,072,649)
<b>Total net position - governmental activities</b>	<b>\$ 34,873,338</b>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2013**

	General Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>			
Property taxes	\$ 230,327,884	\$ 19,544,897	\$ 249,872,781
Other local sources	4,064,425	7,052,242	11,116,667
Interdistrict sources	1,930,392	-	1,930,392
State sources	92,353,058	301,077	92,654,135
Federal sources	23,240,491	8,794,508	32,034,999
Other sources	1,171,295	461,090	1,632,385
<b>Total revenues</b>	<b>353,087,545</b>	<b>36,153,814</b>	<b>389,241,359</b>
<b>Expenditures</b>			
Instruction			
Regular instruction	140,183,542	1,414,855	141,598,397
Vocational instruction	4,131,598	111,965	4,243,563
Special instruction	52,493,086	-	52,493,086
Other instruction	10,212,130	78,151	10,290,281
<b>Total instruction</b>	<b>207,020,356</b>	<b>1,604,971</b>	<b>208,625,327</b>
Support services			
Pupil services	22,903,077	19,258	22,922,335
Instructional staff services	22,581,868	1,412,189	23,994,057
General administration services	24,980,809	557,327	25,538,136
Building administration services	27,943,510	22,688,043	50,631,553
Pupil transportation	11,793,333	42,964	11,836,297
Community services	-	11,584,419	11,584,419
Debt service	2,114,563	4,859,529	6,974,092
Other support services	23,707,633	67,318	23,774,951
<b>Total support services</b>	<b>136,024,793</b>	<b>41,231,047</b>	<b>177,255,840</b>
Nonprogram	10,218,883	-	10,218,883
<b>Total expenditures</b>	<b>353,264,032</b>	<b>42,836,018</b>	<b>396,100,050</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(176,487)</b>	<b>(6,682,204)</b>	<b>(6,858,691)</b>
<b>Other financing sources (uses)</b>			
Long-term debt issued	-	9,100,000	9,100,000
Transfers in	30,209	1,484,016	1,514,225
Transfers out	(1,484,016)	(30,209)	(1,514,225)
<b>Net change in fund balances</b>	<b>(1,630,294)</b>	<b>3,871,603</b>	<b>2,241,309</b>
<b>Fund balances - beginning of year</b>	<b>46,943,263</b>	<b>9,304,537</b>	<b>56,247,800</b>
<b>Fund balances - end of year</b>	<b>\$ 45,312,969</b>	<b>\$ 13,176,140</b>	<b>\$ 58,489,109</b>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

<b>Net change in fund balances - total governmental funds</b>	\$ 2,241,309
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense reported in the statement of activities.	
Capital outlay reported in governmental fund statements	\$ 5,563,132
Depreciation expense reported in the statement of activities	<u>(5,010,669)</u>
Amount by which capital outlays is greater than depreciation	552,463
Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.	
Special termination benefits paid in current year	7,835,626
Special termination benefits earned in current year	<u>(8,217,170)</u>
Amounts earned are more than amounts paid	(381,544)
An implicit rate subsidy is incurred by the District as retired employees are covered by the District's insurance plan.	
Employer contributions in the current year to the implicit rate subsidy	1,855,000
Actuarially determined costs of the implicit rate subsidy	<u>(3,922,909)</u>
Amounts paid are less than amounts incurred	(2,067,909)
Sick leave is reported in governmental funds when amounts are paid. The statement of activities reports the expected value of sick leave funds being used for future benefit to the employee. The change in the expected value is greater in the current year	
	(707,125)
Repayment of principal on long-term obligations is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term obligations in the statement of net position and does not affect the statement of activities.	
The amount of long-term obligations principal payments in the current year	4,983,193
Long-term bonds and notes are reported in governmental funds as an other financing source, but are reported as an increase in outstanding long-term debt in the statement of net position and do not affect the statement of activities.	
The amount of long-term notes incurred is	(9,100,000)
Long-term bond premiums and discounts are reported in governmental funds as other sources and debt service, respectively, but should be amortized over the life of the bonds in the statement of activities.	
Current year amortization of premium/discount	104,535
The District disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net position as a net loss and has no effect on the governmental fund balance sheet:	
The value of capital assets disposed of during the year was	1,013,634
The amount of depreciation recapture for the year was	<u>(1,004,651)</u>
The difference in the value of assets net of recaptured depreciation creates a loss of	(8,983)
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.	
The amount of interest paid during the current period	1,886,363
The amount of interest accrued during the current period	<u>(1,968,383)</u>
Interest paid is less than interest accrued by	(82,020)
<b>Change in net position - governmental activities</b>	<u>\$ (4,466,081)</u>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2013**

	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and investments	\$ 805,222	\$ 706,257
Due from other funds	<u>2,464</u>	<u>-</u>
<b>Total assets</b>	<u>807,686</u>	<u>\$ 706,257</u>
<b>Liabilities</b>		
Accounts payable	-	\$ -
Due to student organizations	<u>-</u>	<u>706,257</u>
<b>Total liabilities</b>	<u>-</u>	<u>\$ 706,257</u>
<b>Net position</b>		
Restricted	<u>\$ 807,686</u>	

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2013**

	<b>Scholarship Fund</b>
<b>Additions</b>	
Interest income	\$ 1,832
Gifts and contributions	<u>110,748</u>
<b>Total additions</b>	<b>112,580</b>
<b>Deductions</b>	
Scholarships and awards paid	<u>167,569</u>
<b>Change in net position</b>	<b>(54,989)</b>
<b>Net position - beginning of year</b>	<u>862,675</u>
<b>Net position - end of year</b>	<b><u>\$ 807,686</u></b>

The accompanying notes are an integral part of the financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

The Madison Metropolitan School District is organized as a unified school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of ten taxing districts.

This report includes all funds of the Madison Metropolitan School 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. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. 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 or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: 1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and 3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. These financial statements do not contain any component units.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF PRESENTATION**

**District-wide Statements**

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties. The District does not report any business-type activities.

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

**Fund Financial Statements**

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented.

Funds are organized as major funds or nonmajor funds within the governmental fund 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 of the individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10 percent test is at 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.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The District reports the following major governmental fund:

**General Fund** - This is the District's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund. It also accounts for activities associated with providing special education programs, previously required to be separately reported as the Special Education Fund as required by the Wisconsin Department of Public Instruction.

The District reports the following nonmajor governmental funds:

**Debt Service Fund** - This fund accounts for the accumulation of resources for and the payment of, long-term debt principal, interest, and related costs.

**Capital Projects Fund** - This fund accounts for the resources restricted for the acquisition or construction of specific capital projects.

**Special Revenue Trust Fund** - This special revenue fund accounts for the resources restricted from donated funds.

**Food Service Fund** - This special revenue fund accounts for the activities of the District's food service programs.

**Community Service Fund** - This special revenue fund accounts for the resources restricted for community-wide recreation activities.

**Package Co-op Fund** - This special revenue fund accounts for resources restricted for vocational education and school to work programs and a software acquisition consortium.

The District accounts for assets held as an agent for various student and parent organizations in a fiduciary agency fund.

The District accounts for assets that are accumulated to finance scholarships in the fiduciary trust fund.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS & BASIS OF ACCOUNTING**

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

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

State general and categorical aids are recognized as revenue in the entitlement year. Federal and state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenues.

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

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

Agency funds follow the accrual basis of accounting and do not have a measurement focus.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. BUDGETARY ACCOUNTING**

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure control is exercised at the total operating budget level for all funds. Reported budget amounts are as amended by School Board resolution.

**E. INVESTMENTS**

Investments are stated at fair value which is the amount at which an investment could be exchanged in a current transaction between willing parties. Determination of fair value for investments in the Local Government Investment Pool and City of Madison Pool is based on information provided by the State of Wisconsin Investment Board and the City of Madison, respectively.

**F. PROPERTY TAXES**

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village and school districts before retaining any for county purposes.

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

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1<sup>st</sup>, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30<sup>th</sup> and are available to pay current liabilities.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. ACCOUNTS RECEIVABLE**

Accounts receivable in the governmental funds are recorded at the gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material. All amounts are expected to be collected within one year.

**H. INVENTORIES AND PREPAID SUPPLIES**

Inventories and prepaid supplies are valued at cost. Inventory in the governmental funds consists of expendable food and supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed.

**I. LONG-TERM OBLIGATIONS**

All long-term debt to be repaid from governmental resources is reported as liabilities in the district-wide statements. The long-term obligations consist primarily of notes, bonds or loans payable, capital leases and vested employee benefits.

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

**J. EQUITY CLASSIFICATIONS**

**Net Position**

On the district-wide financial statements, net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets less unexpended. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position reported as unrestricted is all other net position that does not meet the definition of restricted or invested in capital assets, net of related debt.

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

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**J. EQUITY CLASSIFICATIONS** (Continued)

**Fund Balances**

In the governmental fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either:

- a. Not in spendable form; or
- b. Legally or contractually required to be maintained intact.

Restricted fund balance is reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District board.

Assigned fund balance is reported for amounts that are constrained by the District management's intent to be used for specific purposes, but is neither restricted nor committed.

Unassigned fund balance is the residual classification.

When committed, assigned, and unassigned amounts are available for use, it is the District's policy to use committed resources first, then assigned resources, then unassigned resources as they are needed.

**K. 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 in the fund statements as "due to and due from other funds"; long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables are eliminated in the statement of net position.

**L. COMPENSATED ABSENCES**

Compensated absences are absences for which employees will be paid such as vacation and sick leave.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. COMPENSATED ABSENCES (Continued)**

**Vacation Type** - The District's policy requires these absences to be used by fiscal year-end. As a result, all costs for these absences have been expensed as of year-end, and there exists no liability for future payment of absences attributable to services already rendered.

**Sick Leave Type** - The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested number of days depending on the type of employee. When conditions as designated in specific contracts are met, the District pays group health, life, and dental insurance until the vested amount of sick pay is exhausted.

Because it is probable that the District will compensate the employees through cash payments or the equivalent conditioned on termination, the costs for these absences are accrued and included in the compensated absences liability in the district-wide financial statements at year-end. The liability is calculated based on the pay rates in effect at year-end.

As provided in applicable negotiated contracts, certified District employees meeting a minimum age and length of service requirement may participate in the District's group health and insurance program upon retirement. The District bears the cost of the employee's participation up to the maximum amount it pays for active employees. For the year ended June 30, 2013, there were 1,138 participants and expenditures on a pay-as-you-go basis were \$4,288,615. The District's sick leave liability at June 30, 2013 was \$77,017,949, which represents \$47,848,809 for currently active employees and \$29,169,140 for retirees.

As provided in applicable negotiated contracts, certified District employees meeting a minimum age and length of service requirement are eligible to receive early retirement benefits of 19% of the employee's salary for three years. For the year ended June 30, 2013, there were 352 participants and expenditures on a pay-as-you-go basis were \$3,547,011. After applying a discount rate of 3%, the present value of the District's early retirement liability at June 30, 2013 was \$7,054,700.

**M. OTHER POSTEMPLOYMENT BENEFITS**

The District contributes 100% of the current year premium for teachers and non-administrative employees electing coverage and all other nonadministrative employees covered under one of three health plans. Administrators contribute 10% to the plans. The net OPEB obligation at June 30, 2013 was \$8,471,005.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**N. CAPITAL ASSETS**

Capital assets are reported in the district-wide financial statements. Capital assets are reported at actual cost or estimated historical costs, based on inventories conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated fair value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	50 years
Building improvements	5,000	Straight-line	20 - 25 years
Site improvements	5,000	Straight-line	10 - 20 years
Furniture and equipment	5,000	Straight-line	5 - 15 years
Computer and related technology	5,000	Straight-line	4 - 10 years

**O. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

1. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report vested employee benefits on a pay-as-you-go basis and the statement of activities reports these amounts as earned by the applicable employees.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (Continued)**

2. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for capital items in the governmental fund statements and depreciation expense on those items in the statement of activities.
3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

**NOTE 3 - CASH AND INVESTMENTS**

The District's cash and investments at year-end were comprised of the following:

	<b>Carrying Amount</b>	<b>Bank Balance</b>	<b>Risks</b>
Petty cash	\$ 3,500	\$ -	
Deposits			
Demand deposits, interest bearing	305,388	305,319	Custodial
Certificates of deposit	93,248	86,079	Custodial
Total deposits	<u>398,636</u>	<u>391,398</u>	
Investments			
Investment pools			
Wisconsin Investment Cooperative Series	8,960,541	16,334,108	Interest rate and credit
City of Madison Investment Pool	44,836,864	44,836,864	Interest rate and credit
Local Government Investment Pool	7,116	7,116	Interest rate and credit
Total investments	<u>53,804,521</u>	<u>61,178,088</u>	
<b>Total cash and investments</b>	<b>\$ 54,206,657</b>	<b>\$ 61,569,486</b>	
Reconciliation to the financial statements			
Statement of net position	\$ 52,695,178		
Statement of fiduciary net position			
Scholarship fund	805,222		
Agency fund	706,257		
<b>Total cash and investments</b>	<b>\$ 54,206,657</b>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for each account.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at June 30, 2013, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

Certificates of deposit held in the Local Government Investment Pool are covered by FDIC insurance, which applies to the proportionate public unit share of accounts.

Investments are stated at fair value which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement of revenues, expenditures, and changes in fund balance as increases or decreases in investment income.

The Wisconsin Investment Cooperative Series and the City of Madison Investment Pool are pools established by intergovernmental agreement. The pools invest in investments legally permissible under Wisconsin law.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. Agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes, or bonds issued by the University of Wisconsin Hospitals or Clinics Authority or the Wisconsin Aerospace Authority .
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is limited to obligations of the U.S. Treasury and U.S. Agencies or repurchase agreements fully collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

The District has adopted an investment policy which permits all investments allowed under the state statutes as described above.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

***Custodial Credit Risk***

*Deposits* - Custodial risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's investment policy does not address custodial credit risk for deposits. As of June 30, 2013, none of the District's bank balance of \$391,398 was exposed to custodial credit risk as uninsured and uncollateralized.

*Investments* - For an investment, 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 investment or collateral securities that are in the possession of an outside party. As of June 30, 2013, the District does not have investments subject to this risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy minimizes credit risk by limiting investments to the safest type of securities.

Wisconsin Statutes limit investments in commercial paper and corporate bonds to securities which bear a rating in the top two rating categories issued by recognized statistical rating organizations. As of June 30, 2013, the District is exposed to credit risk with investments in the following:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Moody's Rating</b>
Wisconsin Investment Cooperative Series	\$ 8,960,541	Not rated
City of Madison Investment Pool	44,836,864	Not rated
Local Government Investment Pool	7,116	Not rated
<b>Total fair value of investments subject to credit risk</b>		<b>\$ 53,804,521</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy does not address interest rate risk. As of June 30, 2013, the District's investments were as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity</b>
Wisconsin Investment Cooperative Series	\$ 8,960,541	6 Months
City of Madison Investment Pool	44,836,864	Not available
Local Government Investment Pool	7,116	34 Days

**NOTE 4 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

	<b>Beginning Balance</b>	<b>Additions and Reclassifications</b>	<b>Removals</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Sites (land)	\$ 9,395,541	\$ -	\$ -	\$ 9,395,541
Construction in progress	318,930	4,106,449	2,786,371	1,639,008
Total capital assets not being depreciated	<u>9,714,471</u>	<u>4,106,449</u>	<u>2,786,371</u>	<u>11,034,549</u>
Capital assets being depreciated:				
Site improvements	2,725,811	52,867	-	2,778,678
Buildings and building improvements	247,248,928	4,349,370	-	251,598,298
Furniture and equipment	23,055,317	(159,183)	1,013,634	21,882,500
Total capital assets being depreciated	<u>273,030,056</u>	<u>4,243,054</u>	<u>1,013,634</u>	<u>276,259,476</u>
Accumulated depreciation:				
Site improvements	1,762,854	89,922	-	1,852,776
Building and building improvements	123,296,685	4,327,708	-	127,624,393
Furniture and equipment	19,172,775	593,039	1,004,651	18,761,163
Total accumulated depreciation	<u>144,232,314</u>	<u>5,010,669</u>	<u>1,004,651</u>	<u>148,238,332</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>128,797,742</u>	<u>(767,615)</u>	<u>8,983</u>	<u>128,021,144</u>
<b>Governmental activities capital assets, net of accumulated depreciation</b>	<b>\$ 138,512,213</b>	<b>\$ 3,338,834</b>	<b>\$ 2,795,354</b>	<b>\$ 139,055,693</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 4 - CAPITAL ASSETS** (Continued)

Depreciation was charged to governmental functions as follows:

Regular instruction	\$ 240,317
Vocational instruction	25,187
Other instruction	22,389
Pupil services	31,842
Instructional staff services	55,631
General administration	90,427
Other support	10,309
Depreciation not charged to a specific function	<u>4,534,567</u>
	 <u>\$ 5,010,669</u>

**NOTE 5 - INTERFUND BALANCES AND ACTIVITY**

Interfund receivable and payable balances in the fund financial statements on June 30, 2013, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,359,297	\$ 6,137,972
Special Revenue Trust Fund	711,654	-
Debt Service Fund	1,130,132	-
Capital Projects Fund	1,443,996	-
Food Service Fund	-	1,155,917
Community Service Fund	2,408,161	-
Package Coop Fund	<u>238,185</u>	<u>-</u>
	7,291,425	7,293,889
Fiduciary Trust Fund	<u>2,464</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 7,293,889</u></b>	<b><u>\$ 7,293,889</u></b>

The net amount due from the Fiduciary Trust Fund of \$2,464 is reported as an external accounts receivable in the statement of net position.

Interfund balances generally arise from the District's policy to pool cash and investments and hold those account balances in the General Fund.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 5 - INTERFUND BALANCES AND ACTIVITY (Continued)**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 30,209	\$ 1,484,016
Community Service Fund	-	24,270
Debt Service Fund	1,138,583	-
Food Service Fund	316,941	-
Package Coop Fund	<u>28,492</u>	<u>5,939</u>
 <b>Totals</b>	 <u>\$ 1,514,225</u>	<u>\$ 1,514,225</u>

The District transfers from the General Fund to the Package Co-op Fund to cover the District's share of program costs. The District transfers from the Community Service Fund to the General Fund to cover costs paid by the General Fund. The District transfers from the General Fund to the Debt Service Fund to cover debt service costs. The District transfers from the General Fund to the Food Service Fund to cover any deficiencies in the Food Service program.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 6 - FUND BALANCES**

The components of the governmental fund balances are as follows:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Nonspendable</b>			
Inventories and prepaid items	\$ 222,475	\$ 225,396	\$ 447,871
Endowment - Bassett Funds	362,497	-	362,497
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	584,972	225,396	810,368
<b>Restricted</b>			
Capital projects	-	7,745,040	7,745,040
Debt service retirement	-	2,350,161	2,350,161
Donations	-	773,140	773,140
Total restricted	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	-	10,868,341	10,868,341
<b>Committed</b>			
Board designated	3,093,645	-	3,093,645
Bassett Funds	76,518	-	76,518
Total committed	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	3,170,163	-	3,170,163
<b>Assigned</b>			
Community service	-	2,307,799	2,307,799
Encumbrances	335,352	-	335,352
Total assigned	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	335,352	2,307,799	2,643,151
<b>Unassigned</b>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	41,222,482	(225,396)	40,997,086
<b>Totals</b>	<b>\$ 45,312,969</b>	<b>\$ 13,176,140</b>	<b>\$ 58,489,109</b>

**NOTE 7 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The Food Service Fund had an excess of actual expenditures over budget for the year ended June 30, 2013 of \$455,570. The Capital Projects Fund had an excess of actual expenditures over budget for the year ended June 30, 2013 of \$4,019,807 due to QZAB and Energy Efficiency financing and related capital expenditures. Special Revenue funds were in excess of budget by \$374,390.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 8 - SHORT-TERM DEBT**

The District issues tax anticipation notes in advance of property tax collections. The notes are necessary because expenditures for the year begin in July whereas the tax collections are received from the municipalities beginning in January. Short-term debt activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax anticipation notes, due August 30, 2012	\$ 58,500,000	\$ -	\$ 58,500,000	\$ -
Tax anticipation notes, due September 4, 2013	- <hr/>	53,000,000 <hr/>	- <hr/>	53,000,000 <hr/>
<b>Totals</b>	<b>\$ 58,500,000</b>	<b>\$ 53,000,000</b>	<b>\$ 58,500,000</b>	<b>\$ 53,000,000</b>

**NOTE 9 - LONG-TERM OBLIGATIONS**

Long-term obligations of the District are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes and loans	\$ 1,080,000	\$ 9,100,000	\$ -	\$ 10,180,000	\$ 1,000,000
Bonds	61,370,000	-	3,070,000	58,300,000	3,505,000
Deferred amounts for premium/discount	614,004	-	104,535	509,469	-
Total general obligation debt	63,064,004	9,100,000	3,174,535	68,989,469	4,505,000
Capital leases	2,437,095	-	1,913,193	523,902	503,359
Other postemployment benefits	6,403,096	3,922,909	1,855,000	8,471,005	-
Vested employee benefits	82,983,980	8,924,295	7,835,626	84,072,649	8,401,826
<b>Totals</b>	<b>\$ 154,888,175</b>	<b>\$ 21,947,204</b>	<b>\$ 14,778,354</b>	<b>\$ 162,057,025</b>	<b>\$ 13,410,185</b>

Payments on bonds and notes are made by the Debt Service Fund. Capital leases are paid by the General Fund. Vested employee benefits will be liquidated by the General Fund.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 9 - LONG-TERM OBLIGATIONS** (Continued)

Details of the vested employee benefits are shown below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Sick leave liability					
Currently active employees	\$ 47,141,684	\$ 707,125	\$ -	\$ 47,848,809	\$ 478,488
Retirees	28,496,595	4,961,160	4,288,615	29,169,140	4,288,615
Early retirement benefit liability	<u>7,345,700</u>	<u>3,256,011</u>	<u>3,547,011</u>	<u>7,054,700</u>	<u>3,634,723</u>
<b>Totals</b>	<b><u>\$ 82,983,979</u></b>	<b><u>\$ 8,924,296</u></b>	<b><u>\$ 7,835,626</u></b>	<b><u>\$ 84,072,649</u></b>	<b><u>\$ 8,401,826</u></b>

**GENERAL OBLIGATION DEBT**

All general obligation debt is secured by the full faith, credit, and unlimited taxing powers of the District. General obligation debt at June 30, 2013, is comprised of the following individual issues:

<u>Description</u>	<u>Issue Dates</u>	<u>Average Interest Rates %</u>	<u>Dates of of Final Maturity</u>	<u>Balance June 30, 2012</u>
Bonds payable	3/15/2007	3.95%	9/1/2026	\$ 15,850,000
Bonds payable	10/23/2009	2.28%	10/1/2020	12,225,000
Bonds payable	3/26/2010	5.08%	3/1/2027	10,100,000
QSCB payable	12/29/2010	4.25%	12/1/2020	1,080,000
QZAB payable	3/21/2012	4.00%	12/1/2031	2,770,000
Bonds payable	3/21/2012	2.78%	3/1/2025	17,355,000
Energy efficiency note payable	12/17/2012	1.98%	9/1/2022	<u>9,100,000</u>
<b>Total</b>				<b><u>\$ 68,480,000</u></b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 9 - LONG-TERM OBLIGATIONS** (Continued)

**GENERAL OBLIGATION DEBT** (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt on June 30, 2013, follow:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2014	\$ 4,505,000	\$ 1,932,300	\$ 6,437,300
2015	5,410,000	2,183,652	7,593,652
2016	5,370,000	2,026,652	7,396,652
2017	5,625,000	1,858,264	7,483,264
2018	5,910,000	1,644,716	7,554,716
2019-2023	28,740,000	4,835,886	33,575,886
2024-2028	10,150,000	1,162,913	11,312,913
2029-2031	<u>2,770,000</u>	<u>387,800</u>	<u>3,157,800</u>
<b>Totals</b>	<b>\$ 68,480,000</b>	<b>\$ 16,032,183</b>	<b>\$ 84,512,183</b>

The 2013 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$22,162,539,115. The legal debt limit and margin of indebtedness as of June 30, 2013, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Debt limit (10% of \$22,162,539,115)	\$ 2,216,253,912
General obligation debt outstanding	<u>68,480,000</u>
Margin of indebtedness	<u>\$ 2,147,773,912</u>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 9 - LONG-TERM OBLIGATIONS** (Continued)

**ADVANCE REFUNDING** (Continued)

For the year ended June 30, 2011, the District purchased U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$600,000 of QZAB notes and a portion of the future interest obligations on the 2010 Bonds. As a result, the refunded notes are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The amount of refunded debt still outstanding at June 30, 2013 is \$250,000.

**CAPITAL LEASES**

The following is an analysis of the leased property under capital leases by major classes on June 30, 2013:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciation Expense</u>
Software	\$ 4,000,000	\$ 2,397,571	\$ 319,676
Equipment	91,417	45,710	18,284

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2013:

**Year Ended June 30,**

2014	\$ 515,460
2015	<u>21,815</u>
Total minimum lease payments	537,275
Amount representing interest	<u>13,373</u>
<b>Present value of net minimum lease payments</b>	<b>\$ 523,902</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Defined Benefit Pension Plan**

All eligible District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (nonteachers) and 800 hours a year (teachers) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, and 5.8% for Protective Occupations with Social Security and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teacher, and Executives and Elected Officials. Required contributions for protective contributions 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. Contribution rates are as follows:

	<u>Through December 31, 2012</u>		<u>Through June 30, 2013</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General	5.90%	5.90%	6.65%	6.65%

The payroll for the District employees covered by the System for the year ended June 30, 2013, was \$203,639,737; the employer's total payroll was \$218,475,740. The total required contribution for the year ended June 30, 2013, was \$26,089,595, or 12.81%, which consisted of \$13,044,797 or 6.41% of covered payroll from the employer and \$13,044,797 or 6.41% of covered payroll from the employee. The District's contributions to the Plan for both employee and employer portions for the years ending June 2012 and 2011 were \$23,573,867 and \$22,002,631, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65, (62 for elected officials and 55 for protective occupation employees), are entitled to receive a retirement benefit. Employees may retire at age 55, (50 for protective occupation employees), and receive actuarially reduced benefits. The factors influencing the benefits are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)**

**Administrator's Retirement Plan**

The District has an administrators' retirement plan which covers eligible administrators with over 10 years of experience with the District. The plan requires contributions by administrators electing to participate in the plan. The District is required to make a defined contribution ranging from \$30,000 to \$36,000 annually to the plan upon the administrators' retirement for administrators with at least 15 years of service. The District contributed \$181,446 to the plan for the year ended June 30, 2013.

**403(b) Retirement Plan**

The District maintains a qualified contributory retirement/savings plan that covers substantially all employees. The plan allows salary deferrals up to limits as determined by federal law. The plan does not have an employer match component.

**NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES**

The District has several legal cases that it is defending. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 12 - SELF-FUNDED INSURANCE PROGRAMS**

The District has established a self-funded dental benefit plan for its employees. The plan administrator is responsible for the approval, processing, and payment of claims, after which the plan administrator bills the District each week for reimbursement.

Accounting and budgeting requirements for the plan are established by the Wisconsin Department of Public Instruction. The plan is accounted for in the General Fund.

At June 30, 2013, the District reported a liability of \$1,279,535, which represents an estimate of reported and unreported claims and premiums which were incurred on or before June 30, 2013, but were not paid by the District as of that date. This amount consists of claims reported to the District by the plan administrator, claims reported to the plan administrator but not the District, and claims which were not yet reported to either the plan administrator or the District.

The amounts not reported to the District were estimated by the District based on a monthly accrual rate per employee depending on single versus family coverage.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 12 - SELF-FUNDED INSURANCE PROGRAMS (Continued)**

Reported claims and claims incurred but not reported:

	<b>Beginning Balance</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Ending Balance</b>
2011-2012	\$ 1,343,161	\$ 3,615,355	\$ 3,576,343	\$ 1,382,173
2012-2013	1,382,173	3,712,970	3,815,608	1,279,535

**NOTE 13 - LIMITATION ON SCHOOL DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. 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 referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

**NOTE 14 - RISK MANAGEMENT**

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

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**Annual OPEB Cost and Net OPEB Obligation**

The District administers a single-employer defined benefit healthcare plan. The plan provides health insurance contributions for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the District and the unions. The District contributes 100% of the current year premiums on behalf of the retiree.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 15 - POSTEMPLOYMENT BENEFITS (Continued)**

For active employees, the District contributes 90% and the employee contributes 10% of the current year premium for administrative employees; the District contributes 100% of the current year premium for teachers and all other nonadministrative employees covered under the District's plans.

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years using the level percentage of projected payroll method. The remaining amortization period at June 30, 2013 was 24 years.

The following table shows the components of the District's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution	\$ 3,928,245
Interest on annual required contribution	208,101
Adjustment to annual required contribution	<u>(213,437)</u>
Annual OPEB cost	3,922,909
Contributions made	<u>(1,855,000)</u>
Increase in net OPEB obligation	2,067,909
Net OPEB obligation, beginning of year	<u>6,403,096</u>
Net OPEB obligation, end of year	<u>\$ 8,471,005</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2012 and the 3 preceding years were as follows:

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2009	\$ 1,977,974	41.85%	\$ 2,155,224
6/30/2010	1,854,184	46.00%	3,155,927
6/30/2011	1,943,531	46.18%	4,201,937
6/30/2012	3,769,159	41.60%	6,403,096
6/30/2013	3,922,909	47.29%	8,471,005

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 15 - POSTEMPLOYMENT BENEFITS (Continued)**

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2013 is as follows:

Actuarial accrued liability (AAL)	\$ 37,592,110
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 37,592,110</u>
Covered payroll (active plan members)	\$ 218,475,740
UAAL as a percentage of covered payroll	17.2%

The schedule of funding progress presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions**

The retiree healthcare valuation was based on the entry age normal cost method. Under this method, each participant's projected benefits are assumed to be funded by annual installments, equal to a level percentage of compensation, payable from date of participation to assumed date of retirement. The total normal cost is the sum of the current year's annual installment determined for all active participants. The actuarial accrued liability is the excess value of the present value of future benefits for all participants (both active and retired) over the present value of future normal costs.

The actuary used a level percentage of pay amortization method with a 30-year amortization period and the following assumptions. Where consistent with the terms of the plan, the actuary used the Wisconsin Retirement System (WRS) assumptions as reported in the July 1, 2009 actuarial valuation report.

1. **Interest Discount Rate:** 3.25% compounded annually.
2. **Inflation:** 3.25%
3. **Wage inflation:** 3.25%

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 15 - POSTEMPLOYMENT BENEFITS (Continued)**

4. **Mortality:** Healthy-Retiree, Disabled-Retiree and Healthy Active rates used were from the WRS December 31, 2009 actuarial valuation report.
5. **Employee Turnover/Withdrawal:** Ten-year select and ultimate rates of WRS for General were used from the WRS December 31, 2009 actuarial valuation report.
6. **Disablement:** WRS disability rates for General were used from the WRS December 31, 2009 actuarial valuation report.
7. **Retirement:** WRS retirement rates for General were used from the WRS December 31, 2009 actuarial valuation report.
8. **Percentage of Family Retirees Electing Family Coverage:**
  - Future retirees: 40% of future retirees assumed to elect two person coverage at retirement.
  - Current retirees: Actual family coverage election.
9. **Percentage of Retirees Participating in Retiree Medical Coverage:**
  - Future retirees: 75% of future retirees are expected to participate in the District's retiree medical coverage, as of their retirement date.
  - Current retirees: Actual retiree participation.
10. **Age Difference of Active Employees and Spouses:** Spouses are assumed the same age as participants.
11. **Annual Medical Trend Rate Assumptions:** The following health care trend rates are based on recent experience, the experience of medical insurers, the Actuary's future trend expectations, and management's judgment.

<u>Calendar Year</u>	<u>Healthcare Trend</u>
2012	8.50%
2013	8.10%
2014	8.50%
2015	7.20%
2016	6.70%

12. **Participant Data:** The actuary relied on the following participant data as of July 1, 2012.

<u>Members</u>	<u>Participant Count</u>	<u>Average Age</u>	<u>Average Service</u>
Active	4,802	44.3	10.2

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 16 - NEW GOVERNMENTAL ACCOUNTING STANDARDS**

The District adopted GASB Statement No. 63, *Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Recognized as Assets and Liabilities* as of July 1, 2012. GASB Statement No. 63 impacted financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. GASB Statement No. 65 impacted financial reporting by establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The impact of adoptions of these statements resulted in the Statement of Net Assets becoming the Statement of Net Position. Additionally, certain items previously reported as assets and liabilities have been classified and reported as deferred inflows or outflows.

The standard eliminates the provision for capitalizing and amortizing debt issue costs. Debt issue costs are considered expense at the time the debt is issued.

In November 2010, the Governmental Accounting Standards Board issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The District implemented the requirements of this standard beginning with the year ending June 30, 2013.

In July 2011, the Governmental Accounting Standards Board issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. Statement No. 64 clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (1) the collectability of swap payments is considered to be probable, (2) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (3) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied. The District implemented the requirements of this standard beginning with the year ending June 30, 2013.

In 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The District will implement the requirements of this standard beginning with the year ending June 30, 2014.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 16 - NEW GOVERNMENTAL ACCOUNTING STANDARDS** (Continued)

In June 2012, the GASB issued Statement No. 67 – *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. This statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The District will implement the requirements of this standard beginning with the year ending June 30, 2014.

In June 2012, the GASB issued Statement No. 68 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27. This statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District will implement the requirements of this standard beginning with the year ending June 30, 2016.

In January 2013, the GASB issued Statement No. 69 – Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District will implement the requirements of this standard beginning with the year ending June 30, 2015.

In April, 2013, the GASB issued Statement No. 70 – Accounting and Reporting for Nonexchange Financial Guarantees. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The District will implement the requirements of this standard beginning with the year ending June 30, 2014.

Management has not currently determined what impact, if any, these statements may have on its financial statements.

**NOTE 17 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through November 15, 2013, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2013, but prior to November 15, 2013, that provided additional evidence about conditions that existed at June 30, 2013, have been recognized in the financial statements for the year ended June 30, 2013. Events or transactions that provided evidence about conditions that did not exist at June 30, 2013, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2013.

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**For the Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$ 232,253,481	\$ 232,253,481	\$ 230,327,884	\$ (1,925,597)
Other local sources	4,818,211	4,845,524	4,064,425	(781,099)
Interdistrict sources	1,863,410	1,882,940	1,930,392	47,452
State sources	90,137,768	90,144,529	92,353,058	2,208,529
Federal sources	19,585,219	22,200,554	23,240,491	1,039,937
Other sources	1,283,682	1,283,682	1,171,295	(112,387)
Total revenues	<u>349,941,771</u>	<u>352,610,710</u>	<u>353,087,545</u>	<u>476,835</u>
<b>Expenditures</b>				
Instruction:				
Regular instruction	144,202,212	144,985,334	140,183,542	4,801,792
Vocational instruction	3,923,737	3,923,742	4,131,598	(207,856)
Special instruction	51,448,844	51,898,597	52,493,086	(594,489)
Other instruction	9,805,733	9,760,931	10,212,130	(451,199)
Total instruction	<u>209,380,526</u>	<u>210,568,604</u>	<u>207,020,356</u>	<u>3,548,248</u>
Support services:				
Pupil services	22,167,439	22,337,796	22,903,077	(565,281)
Instructional staff services	23,137,417	24,671,672	22,581,868	2,089,804
General administration services	25,515,277	25,539,280	24,980,809	558,471
Building administration services	32,928,990	33,107,426	27,943,510	5,163,916
Pupil transportation	10,295,710	10,013,221	11,793,333	(1,780,112)
Principal and interest	1,439,498	1,439,498	2,114,563	(675,065)
Other support services	22,428,479	22,269,773	23,707,633	(1,437,860)
Total support services	<u>137,912,810</u>	<u>139,378,666</u>	<u>136,024,793</u>	<u>3,353,873</u>
Nonprogram	<u>7,538,221</u>	<u>8,037,837</u>	<u>10,218,883</u>	<u>(2,181,046)</u>
Total expenditures	<u>354,831,557</u>	<u>357,985,107</u>	<u>353,264,032</u>	<u>4,721,075</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(4,889,786)	(5,374,397)	(176,487)	5,197,910
<b>Other financing sources (uses)</b>				
Transfers in	204,880	204,880	30,209	(174,671)
Transfers out	(745,235)	(242,970)	(1,484,016)	(1,241,046)
<b>Net change in fund balance</b>	(5,430,141)	(5,412,487)	(1,630,294)	3,782,193
<b>Fund balance - beginning of year</b>	<u>46,943,263</u>	<u>46,943,263</u>	<u>46,943,263</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 41,513,122</u>	<u>\$ 41,530,776</u>	<u>\$ 45,312,969</u>	<u>\$ 3,782,193</u>

The accompanying notes to required supplemental information are an integral part of the financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS FOR RETIREE'S HEALTH PLAN**  
**June 30, 2013**

<b>Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liability (AAL) - Projected Unit Credit</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
6/30/2008	7/1/2007	\$ -	\$ 27,206,766	\$ 27,206,766	0%	\$182,790,049	14.9%
6/30/2009	7/1/2008	-	28,478,910	28,478,910	0%	182,790,049	15.6%
6/30/2010	7/1/2009	-	27,385,367	27,385,367	0%	196,887,477	13.9%
6/30/2011	7/1/2010	-	28,633,156	28,633,156	0%	204,959,864	14.0%
6/30/2012	7/1/2011	-	35,480,934	35,480,934	0%	212,486,572	16.7%
6/30/2013	7/1/2012	-	37,592,110	37,592,110	0%	218,475,740	17.2%

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2013**

**NOTE 1 - BUDGET SCHEDULE**

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the fund level for all funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

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

**NOTE 2 - CAPITAL LEASES**

The District budgets for certain capital leases in the functional expenditures of the General Fund. This differs from the fund statements where all capital lease payments are reported as debt service expenditures.

**NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS**

Expenditures exceeded appropriations in the General Fund in the amounts noted in the schedule below.

<u>Function</u>	<u>Amount</u>
Instruction	
Vocational instruction	\$ 207,856
Special instruction	594,489
Other instruction	451,199
Support services	
Pupil services	565,281
Principal and interest	675,065
Pupil transportation	1,780,112
Other support services	1,437,860
Nonprogram	2,181,046

This information is an integral part of the accompanying required supplementary information.

**OTHER SUPPLEMENTARY INFORMATION**

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**GENERAL FUND**  
**June 30, 2013**

	<b>General Fund</b>	<b>Special Education Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 43,430,875	\$ 150	\$ 43,431,025
Receivables			
Taxes	71,151,023	-	71,151,023
Accounts	4,360,201	53,195	4,413,396
Due from other governments	11,002,205	-	11,002,205
Due from other funds	1,155,917	203,380	1,359,297
Inventories and prepaid items	222,475	-	222,475
<b>Total assets</b>	<b>\$ 131,322,696</b>	<b>\$ 256,725</b>	<b>\$ 131,579,421</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Short-term note payable	\$ 53,000,000	\$ -	\$ 53,000,000
Accounts payable	2,551,093	256,725	2,807,818
Payroll and related benefits payable	22,254,856	-	22,254,856
Interest and deposit payable	959,089	-	959,089
Due to other organizations	107,154	-	107,154
Unearned revenues	999,563	-	999,563
Due to other funds	6,137,972	-	6,137,972
<b>Total liabilities</b>	<b>86,009,727</b>	<b>256,725</b>	<b>86,266,452</b>
<b>Fund balances</b>			
Nonspendable			
Inventories and prepaid items	222,475	-	222,475
Endowment - Bassett Funds	362,497	-	362,497
Committed			
Board designated	3,093,645	-	3,093,645
Designated - Bassett Funds	76,518	-	76,518
Assigned - encumbrances	335,352	-	335,352
Unassigned	41,222,482	-	41,222,482
<b>Total fund balances</b>	<b>45,312,969</b>	<b>-</b>	<b>45,312,969</b>
<b>Total liabilities and fund balances</b>			
	<b>\$ 131,322,696</b>	<b>\$ 256,725</b>	<b>\$ 131,579,421</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**For the Year Ended June 30, 2013**

	General Fund	Special Education Fund	Eliminations	Total
<b>Revenues</b>				
Property taxes	\$ 230,327,884	\$ -	\$ -	\$ 230,327,884
Other local sources	4,064,425	-	-	4,064,425
Interdistrict sources	1,892,812	37,580	-	1,930,392
State sources	73,995,799	18,357,259	-	92,353,058
Federal sources	11,603,076	11,637,415	-	23,240,491
Other sources	1,171,295	-	-	1,171,295
<b>Total revenues</b>	<b>323,055,291</b>	<b>30,032,254</b>	<b>-</b>	<b>353,087,545</b>
<b>Expenditures</b>				
Instruction				
Regular instruction	139,756,009	427,533	-	140,183,542
Vocational instruction	4,131,598	-	-	4,131,598
Special instruction	207,063	52,286,023	-	52,493,086
Other instruction	10,212,130	-	-	10,212,130
<b>Total instruction</b>	<b>154,306,800</b>	<b>52,713,556</b>	<b>-</b>	<b>207,020,356</b>
Support services				
Pupil services	10,824,136	12,078,941	-	22,903,077
Instructional staff services	19,323,134	3,258,734	-	22,581,868
General administration services	24,980,809	-	-	24,980,809
Building administration services	27,906,799	36,711	-	27,943,510
Pupil transportation	8,369,778	3,423,555	-	11,793,333
Debt service	2,114,563	-	-	2,114,563
Other support services	23,367,659	339,974	-	23,707,633
<b>Total support services</b>	<b>116,886,878</b>	<b>19,137,915</b>	<b>-</b>	<b>136,024,793</b>
Nonprogram				
<b>Total expenditures</b>	<b>281,367,707</b>	<b>71,896,325</b>	<b>-</b>	<b>353,264,032</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>41,687,584</b>	<b>(41,864,071)</b>	<b>-</b>	<b>(176,487)</b>
<b>Other financing sources (uses)</b>				
Transfer in	183,907	42,017,769	(42,171,467)	30,209
Transfer out	(43,501,785)	(153,698)	42,171,467	(1,484,016)
<b>Net change in fund balances</b>	<b>(1,630,294)</b>	<b>-</b>	<b>-</b>	<b>(1,630,294)</b>
<b>Fund balances - beginning of year</b>	<b>46,943,263</b>	<b>-</b>	<b>-</b>	<b>46,943,263</b>
<b>Fund balances - end of year</b>	<b>\$ 45,312,969</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,312,969</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**For the Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$ 232,253,481	\$ 232,253,481	\$ 230,327,884	\$ (1,925,597)
Other local sources	4,818,211	4,845,524	4,064,425	(781,099)
Interdistrict sources	1,559,428	1,578,958	1,892,812	313,854
State sources	72,789,981	72,796,742	73,995,799	1,199,057
Federal sources	10,232,419	12,407,298	11,603,076	(804,222)
Other sources	1,283,682	1,283,682	1,171,295	(112,387)
Total revenues	<u>322,937,202</u>	<u>325,165,685</u>	<u>323,055,291</u>	<u>(2,110,394)</u>
<b>Expenditures</b>				
Instruction				
Regular instruction	143,539,970	144,511,775	139,756,009	4,755,766
Vocational instruction	3,923,737	3,923,742	4,131,598	(207,856)
Special instruction	292,470	292,470	207,063	85,407
Other instruction	9,805,733	9,760,931	10,212,130	(451,199)
Total instruction	<u>157,561,910</u>	<u>158,488,918</u>	<u>154,306,800</u>	<u>4,182,118</u>
Support services				
Pupil services	11,563,274	11,782,876	10,824,136	958,740
Instructional staff services	20,308,760	21,478,537	19,323,134	2,155,403
General administration services	25,515,277	25,539,280	24,980,809	558,471
Building administration services	32,875,090	33,057,426	27,906,799	5,150,627
Pupil transportation	6,874,337	6,812,705	8,369,778	(1,557,073)
Principal and interest	1,439,498	1,439,498	2,114,563	(675,065)
Other support services	22,299,614	21,882,423	23,367,659	(1,485,236)
Total support services	<u>120,875,850</u>	<u>121,992,745</u>	<u>116,886,878</u>	<u>5,105,867</u>
Nonprogram	<u>7,538,221</u>	<u>8,037,837</u>	<u>10,174,029</u>	<u>(2,136,192)</u>
Total expenditures	<u>285,975,981</u>	<u>288,519,500</u>	<u>281,367,707</u>	<u>7,151,793</u>
<b>Excess of revenues over expenditures</b>	36,961,221	36,646,185	41,687,584	5,041,399
<b>Other financing sources (uses)</b>				
Transfers in	208,878	208,878	183,907	(24,971)
Transfers out	(42,600,240)	(42,107,974)	(43,501,785)	(1,393,811)
<b>Net change in fund balance</b>	(5,430,141)	(5,252,911)	(1,630,294)	3,622,617
<b>Fund balance - beginning of year</b>	<u>46,943,263</u>	<u>46,943,263</u>	<u>46,943,263</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 41,513,122</u>	<u>\$ 41,690,352</u>	<u>\$ 45,312,969</u>	<u>\$ 3,622,617</u>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL EDUCATION FUND**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**For the Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Other local sources	\$ -	\$ -	\$ -	\$ -
Interdistrict sources	303,982	303,982	37,580	(266,402)
State sources	17,347,787	17,347,787	18,357,259	1,009,472
Federal sources	9,352,800	9,793,256	11,637,415	1,844,159
<b>Total revenues</b>	<b>27,004,569</b>	<b>27,445,025</b>	<b>30,032,254</b>	<b>2,587,229</b>
<b>Expenditures</b>				
Instruction				
Regular instruction	662,242	473,559	427,533	46,026
Special instruction	51,156,374	51,606,127	52,286,023	(679,896)
Total instruction	51,818,616	52,079,686	52,713,556	(633,870)
Support services				
Pupil services	10,604,165	10,554,920	12,078,941	(1,524,021)
Instructional staff services	2,828,657	3,193,135	3,258,734	(65,599)
General administration services	-	-	-	-
Building administration services	53,900	50,000	36,711	13,289
Pupil transportation	3,421,373	3,200,516	3,423,555	(223,039)
Other support services	128,865	387,350	339,974	47,376
Total support services	17,036,960	17,385,921	19,137,915	(1,751,994)
Nonprogram	-	-	44,854	(44,854)
<b>Total expenditures</b>	<b>68,855,576</b>	<b>69,465,607</b>	<b>71,896,325</b>	<b>(2,430,718)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	(41,851,007)	(42,020,582)	(41,864,071)	156,511
<b>Other financing sources (uses)</b>				
Transfers out	(556,264)	(53,998)	(153,698)	(99,700)
Transfers in	42,407,271	41,915,004	42,017,769	102,765
<b>Net change in fund balance</b>	-	(159,576)	-	159,576
<b>Fund balance - beginning of year</b>	-	-	-	-
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ (159,576)</b>	<b>\$ -</b>	<b>\$ 159,576</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2013**

	<b>Special Revenue</b>	<b>Debt Service Fund</b>	<b>Food Service Fund</b>	<b>Capital Projects Fund</b>	<b>Community Service Fund</b>	<b>Package Co-op Fund</b>	
	<b>Trust Fund</b>						<b>Total</b>
<b>Assets</b>							
Cash and investments	\$ -	\$ 1,218,840	\$ -	\$ 8,002,767	\$ 42,546	\$ -	\$ 9,264,153
Receivables	73,857	1,189	1,174,880	-	-	6,578	1,256,504
Due from other funds	711,654	1,130,132	-	1,443,996	2,408,161	238,185	5,932,128
Inventory	-	-	225,396	-	-	-	225,396
<b>Total assets</b>	<b>\$ 785,511</b>	<b>\$ 2,350,161</b>	<b>\$ 1,400,276</b>	<b>\$ 9,446,763</b>	<b>\$ 2,450,707</b>	<b>\$ 244,763</b>	<b>\$ 16,678,181</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 12,371	\$ -	\$ 142,438	\$ 1,701,723	\$ 137,053	\$ 69,680	\$ 2,063,265
Unearned revenues	-	-	101,921	-	5,855	175,083	282,859
Due to other funds	-	-	1,155,917	-	-	-	1,155,917
<b>Total liabilities</b>	<b>12,371</b>	<b>-</b>	<b>1,400,276</b>	<b>1,701,723</b>	<b>142,908</b>	<b>244,763</b>	<b>3,502,041</b>
<b>Fund balances</b>							
Nonspendable	-	-	225,396	-	-	-	225,396
Restricted	773,140	2,350,161	-	7,745,040	-	-	10,868,341
Assigned	-	-	-	-	2,307,799	-	2,307,799
Unassigned	-	-	(225,396)	-	-	-	(225,396)
<b>Total fund balances</b>	<b>773,140</b>	<b>2,350,161</b>	<b>-</b>	<b>7,745,040</b>	<b>2,307,799</b>	<b>-</b>	<b>13,176,140</b>
<b>Total liabilities and fund balances</b>	<b>\$ 785,511</b>	<b>\$ 2,350,161</b>	<b>\$ 1,400,276</b>	<b>\$ 9,446,763</b>	<b>\$ 2,450,707</b>	<b>\$ 244,763</b>	<b>\$ 16,678,181</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2013**

	<b>Special Revenue Trust Fund</b>	<b>Debt Service Fund</b>	<b>Food Service Fund</b>	<b>Capital Projects Fund</b>	<b>Community Service Fund</b>	<b>Package Co-op Fund</b>	<b>Total</b>
<b>Revenues</b>							
Property taxes	\$ -	\$ 2,054,223	\$ -	\$ 5,681,809	\$ 11,808,865	\$ -	\$ 19,544,897
Other local sources	1,188,962	3,429	2,710,869	35,053	3,113,929	-	7,052,242
State sources	-	-	177,432	-	-	123,645	301,077
Federal sources	-	-	7,596,194	-	1,100,847	97,467	8,794,508
Other sources	-	386,558	-	-	772	73,760	461,090
<b>Total revenues</b>	<b>1,188,962</b>	<b>2,444,210</b>	<b>10,484,495</b>	<b>5,716,862</b>	<b>16,024,413</b>	<b>294,872</b>	<b>36,153,814</b>
<b>Expenditures</b>							
Instruction							
Regular instruction	651,359	-	-	-	763,496	-	1,414,855
Vocational instruction	8,007	-	-	-	-	103,958	111,965
Other instruction	78,151	-	-	-	-	-	78,151
Total instruction	737,517	-	-	-	763,496	103,958	1,604,971
Support services							
Pupil services	19,258	-	-	-	-	-	19,258
Instructional staff services	186,898	-	-	-	1,011,824	213,467	1,412,189
General administration services	25,611	-	-	-	531,716	-	557,327
Building administration services	85,864	-	10,870,501	10,625,731	1,105,947	-	22,688,043
Transportation	42,964	-	-	-	-	-	42,964
Community services	-	-	-	-	11,584,419	-	11,584,419
Other support services	-	-	-	-	67,318	-	67,318
Principal and interest	-	4,859,529	-	-	-	-	4,859,529
Total support services	360,595	4,859,529	10,870,501	10,625,731	14,301,224	213,467	41,231,047
<b>Total expenditures</b>	<b>1,098,112</b>	<b>4,859,529</b>	<b>10,870,501</b>	<b>10,625,731</b>	<b>15,064,720</b>	<b>317,425</b>	<b>42,836,018</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>90,850</b>	<b>(2,415,319)</b>	<b>(386,006)</b>	<b>(4,908,869)</b>	<b>959,693</b>	<b>(22,553)</b>	<b>(6,682,204)</b>
<b>Other financing sources (uses)</b>							
Long-term debt issued	-	-	-	9,100,000	-	-	9,100,000
Transfer in	-	1,138,583	316,941	-	-	28,492	1,484,016
Transfer out	-	-	-	-	(24,270)	(5,939)	(30,209)
<b>Net change in fund balances</b>	<b>90,850</b>	<b>(1,276,736)</b>	<b>(69,065)</b>	<b>4,191,131</b>	<b>935,423</b>	<b>-</b>	<b>3,871,603</b>
<b>Fund balances - beginning of year</b>	<b>682,290</b>	<b>3,626,897</b>	<b>69,065</b>	<b>3,553,909</b>	<b>1,372,376</b>	<b>-</b>	<b>9,304,537</b>
<b>Fund balances - end of year</b>	<b>\$ 773,140</b>	<b>\$ 2,350,161</b>	<b>\$ -</b>	<b>\$ 7,745,040</b>	<b>\$ 2,307,799</b>	<b>\$ -</b>	<b>\$ 13,176,140</b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE TRUST FUND - BUDGET TO ACTUAL**  
**For the Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Local sources	<u>\$ 995,074</u>	<u>\$ 1,188,962</u>	<u>\$ 193,888</u>
<b>Expenditures</b>			
Instruction			
Regular instruction	421,746	651,359	(229,613)
Vocational instruction	28,244	8,007	20,237
Other instruction	<u>6,367</u>	<u>78,151</u>	<u>(71,784)</u>
Total instruction	<u>456,357</u>	<u>737,517</u>	<u>(281,160)</u>
Support services			
Pupil services	24,950	19,258	5,692
Instructional staff services	93,574	186,898	(93,324)
General administration services	-	25,611	(25,611)
Building administration services	104,831	85,864	18,967
Transportation	41,190	42,964	(1,774)
Other support services	<u>2,820</u>	<u>-</u>	<u>2,820</u>
Total support services	<u>267,365</u>	<u>360,595</u>	<u>(93,230)</u>
<b>Total expenditures</b>	<b><u>723,722</u></b>	<b><u>1,098,112</u></b>	<b><u>(374,390)</u></b>
<b>Net change in fund balance</b>	<b>271,352</b>	<b>90,850</b>	<b>(180,502)</b>
<b>Fund balance - beginning of year</b>	<b><u>682,290</u></b>	<b><u>682,290</u></b>	<b><u>-</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ 953,642</u></b>	<b><u>\$ 773,140</u></b>	<b><u>\$ (180,502)</u></b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUND - BUDGET TO ACTUAL**  
**For the Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Property taxes	\$ 2,054,223	\$ 2,054,223	\$ -
Other sources	- 386,558		386,558
Interest earnings	1,350	3,429	2,079
	2,055,573	2,444,210	388,637
<b>Expenditures</b>			
Principal, interest, and related uses	4,240,725	4,859,529	(618,804)
<b>Excess (deficiency) of revenues over expenditures</b>	(2,185,152)	(2,415,319)	(230,167)
<b>Other financing sources</b>			
Transfer in	- 1,138,583		1,138,583
<b>Net change in fund balance</b>	(2,185,152)	(1,276,736)	908,416
<b>Fund balance - beginning of year</b>	3,626,897	3,626,897	- -
<b>Fund balance - end of year</b>	\$ 1,441,745	\$ 2,350,161	\$ 908,416

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**CAPITAL PROJECTS FUND - BUDGET TO ACTUAL**  
**For the Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Property taxes	\$ 5,681,809	\$ 5,681,809	\$ -
Other local sources	-	35,053	35,053
<b>Total revenues</b>	<u>5,681,809</u>	<u>5,716,862</u>	<u>35,053</u>
<b>Expenditures</b>			
Building administration services	6,605,874	10,625,731	(4,019,857)
<b>Excess (deficiency) of revenues over expenditures</b>	(924,065)	(4,908,869)	(3,984,804)
<b>Other financing sources</b>			
Proceeds from issuance of debt	-	9,100,000	9,100,000
<b>Net change in fund balance</b>	(924,065)	4,191,131	5,115,196
<b>Fund balance - beginning of year</b>	<u>3,553,909</u>	<u>3,553,909</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 2,629,844</u>	<u>\$ 7,745,040</u>	<u>\$ 5,115,196</u>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOOD SERVICE FUND - BUDGET TO ACTUAL**  
**For the Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Local sources	\$ 2,694,201	\$ 2,710,869	\$ 16,668
State sources	157,000	177,432	20,432
Federal sources	7,399,100	7,596,194	197,094
<b>Total revenues</b>	<u>10,250,301</u>	<u>10,484,495</u>	<u>234,194</u>
<b>Expenditures</b>			
Building administration services	<u>10,414,931</u>	<u>10,870,501</u>	<u>(455,570)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(164,630)</b>	<b>(386,006)</b>	<b>(221,376)</b>
<b>Other financing sources</b>			
Transfer in	<u>144,741</u>	<u>316,941</u>	<u>172,200</u>
<b>Net change in fund balance</b>	<b>(19,889)</b>	<b>(69,065)</b>	<b>(49,176)</b>
<b>Fund balance - beginning of year</b>	<u>69,065</u>	<u>69,065</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 49,176</u>	<u>\$ -</u>	<u>\$ (49,176)</u>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**COMMUNITY SERVICE FUND - BUDGET TO ACTUAL**  
**For the Year Ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Property taxes	\$ 11,808,865	\$ 11,808,865	\$ -
Other local sources	2,323,602	3,113,929	790,327
Other sources	24,000	772	(23,228)
Federal sources	1,300,894	1,100,847	(200,047)
<b>Total revenues</b>	<u>15,457,361</u>	<u>16,024,413</u>	<u>567,052</u>
<b>Expenditures</b>			
Instruction - regular instruction - pupil services	327,235	763,496	(436,261)
Support services			
Instructional staff services	1,688,440	1,011,824	676,616
Building administration services	1,268,425	1,105,947	162,478
General administration	615,229	531,716	83,513
Other support services	65,035	67,318	(2,283)
Community services	11,528,752	11,584,419	(55,667)
<b>Total expenditures</b>	<u>15,493,116</u>	<u>15,064,720</u>	<u>428,396</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(35,755)</b>	<b>959,693</b>	<b>995,448</b>
<b>Other financing uses</b>			
Transfer out	(28,983)	(24,270)	4,713
<b>Net change in fund balance</b>	<b>(64,738)</b>	<b>935,423</b>	<b>1,000,161</b>
<b>Fund balance - beginning of year</b>	<b><u>1,372,376</u></b>	<b><u>1,372,376</u></b>	<b><u>-</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ 1,307,638</u></b>	<b><u>\$ 2,307,799</u></b>	<b><u>\$ 1,000,161</u></b>

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**PACKAGE CO-OP FUND - BUDGET TO ACTUAL**  
**For the Year Ended June 30, 2013**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Other local sources	\$ 202,541	\$ 73,760	\$ (128,781)
Federal sources	45,974	97,467	51,493
State sources	<u>111,652</u>	<u>123,645</u>	11,993
<b>Total revenues</b>	<b><u>360,167</u></b>	<b><u>294,872</u></b>	<b>(65,295)</b>
<b>Expenditures</b>			
Instruction	<u>139,404</u>	<u>103,958</u>	35,446
Support services			
Instructional staff services	239,686	213,467	26,219
General administration	<u>3,725</u>	<u>-</u>	3,725
Total support services	<u>243,411</u>	<u>213,467</u>	29,944
<b>Total expenditures</b>	<b><u>382,815</u></b>	<b><u>317,425</u></b>	<b>65,390</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(22,648)</b>	<b>(22,553)</b>	95
<b>Other financing sources (uses)</b>			
Transfers out	(7,352)	(5,939)	1,413
Transfers in	<u>30,000</u>	<u>28,492</u>	(1,508)
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>