

**MADISON METROPOLITAN  
SCHOOL DISTRICT  
Madison, Wisconsin**

**FINANCIAL STATEMENTS  
June 30, 2015**

**MADISON METROPOLITAN SCHOOL DISTRICT**  
Madison, Wisconsin

**TABLE OF CONTENTS**

|   | <b>Page</b> |
|---|-------------|
| <b>INDEPENDENT AUDITORS' REPORT</b> .....   | 1           |
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....   | 3           |
| <b>BASIC FINANCIAL STATEMENTS</b>   |             |
| District-Wide Financial Statements  |             |
| Statement of Net Position .....   | 14          |
| Statement of Activities .....   | 15          |
| Fund Financial Statements   |             |
| Balance Sheet - Governmental Funds .....  | 16          |
| Statement of Revenues, Expenditures and Changes in Fund Balances -<br>Governmental Funds .....  | 17          |
| Reconciliation of Statement of Revenues, Expenditures and Changes in<br>Fund Balance of Governmental Funds to Statement of Activities ..... | 18          |
| Statement of Fiduciary Net Position - Fiduciary Funds .....   | 19          |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....  | 20          |
| Notes to Financial Statements .....   | 21          |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>   |             |
| Budgetary Comparison Schedule for the General Fund - Budget and Actual -<br>Budgetary Basis (Unaudited) .....                               | 51          |
| Schedule of Funding Progress for Retiree's Health Plan (Unaudited) .....  | 52          |
| Schedule of Net Pension Asset and Schedule of Contributions .....   | 53          |
| Notes to Required Supplementary Information .....   | 54          |
| <b>OTHER SUPPLEMENTARY INFORMATION</b>  |             |
| Combining Balance Sheet - General Fund .....  | 57          |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>General Fund .....  | 58          |
| Budgetary Comparison Schedule for the General Fund - Budget and Actual -<br>Budgetary Basis (Unaudited) .....                               | 59          |
| Budgetary Comparison Schedule for the Special Education Fund - Budget<br>and Actual - Budgetary Basis (Unaudited) .....                     | 60          |
| Combining Balance Sheet - Nonmajor Governmental Funds .....   | 61          |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>Nonmajor Governmental Funds .....                           | 62          |



To the Board of Education  
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 Madison Metropolitan School District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison Metropolitan School District, as of June 30, 2015, 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.

**Janesville Office:**  
101 E. Milwaukee Street  
Suite 425  
Janesville, WI 53545  
P: (608) 756-4020

**Baraboo Office:**  
123 Second Street  
P.O. Box 150  
Baraboo, WI 53913  
P: (608) 356-3966  
F: (608) 356-2966

**Pewaukee Office:**  
W239 N3490 Pewaukee Road  
Suite 200  
Pewaukee, WI 53072  
P: (262) 522-7555  
F: (262) 522-7550

**Madison Office:**  
2110 Luann Lane  
Madison, WI 53713  
P: (608) 274-4020  
F: (608) 274-0775

[www.wegnercpas.com](http://www.wegnercpas.com)  
[info@wegnercpas.com](mailto:info@wegnercpas.com)  
(888) 204-7665

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of proportionate share of the net pension asset, schedule of contributions and notes to required supplementary information on pages 4-13 and 51-54 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 general fund financial statements, and the combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining general fund financial statements, and the combining nonmajor fund financial statements, 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 general fund financial statements, and the combining nonmajor 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 1, 2015 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 results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison Metropolitan School District's internal control over financial reporting and compliance.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 1, 2015

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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 assets, increased by \$5,902,140. In addition, the implementation of GASB 68, Accounting and financial reporting for Pensions, required a prior period adjustment net increase of \$68,313,877 to the district's net position in the form of a net pension asset.
- The District's operating fund's equity (General, Food Service, Capital Expansion, and Community Service) decreased by \$983,463.
- As demonstrated in Note 9 the District maintains a margin of available indebtedness and has available \$2.264 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 assets* 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 assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets 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.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

- 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.
- 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 17 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 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 59 to 60 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 49 of this report.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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 assets, and<br><br>Statement of activities.                            | Balance sheet, and<br><br>Statement of revenues, expenditures, and changes in fund balance.   | Statement of fiduciary net assets, and<br><br>Statement of changes in fiduciary net assets.  |
| Basis of accounting and measurement focus | Accrual accounting.<br><br>Economic resources focus.                                    | Modified accrual accounting.<br><br>Current financial resources focus.  | Accrual accounting.<br><br>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 comes 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.   |

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**FINANCIAL ANALYSIS**

**The District as a Whole**

**Net assets.** Table 1, below, provides a summary of the District's net assets for the years ended June 30, 2014 and 2015.

|                                  | <b>Governmental Activities</b> |                      |
|----------------------------------|--------------------------------|----------------------|
|                                  | <b>2014 *</b>                  | <b>2015</b>          |
| <b>Assets</b>                    |                                |                      |
| Assets                           | \$ 273,458,181                 | \$ 316,774,905       |
| Deferred Outflows of Resources   | N/A                            | 33,526,520           |
| Total assets                     | 273,458,181                    | 350,301,425          |
| <b>Liabilities</b>               |                                |                      |
| Liabilities                      | 250,165,543                    | 263,316,703          |
| Deferred Inflows of Resources    | N/A                            | 1,280,356            |
| Total liabilities                | 250,165,543                    | 264,597,059          |
| <b>Net position</b>              |                                |                      |
| Net investment in capital assets | 105,037,050                    | 104,203,061          |
| Restricted:                      |                                |                      |
| Bassett Funds                    | 362,621                        | 362,752              |
| Debt service                     | 1,490,458                      | 1,193,112            |
| Capital projects                 | 8,405                          | 68,811               |
| Donations                        | 906,088                        | 1,167,419            |
| Unrestricted                     | (84,511,984)                   | (21,290,789)         |
| <b>Total net position</b>        | <b>\$ 23,292,638</b>           | <b>\$ 85,704,366</b> |

**\*2014 activity does not reflect the implementation of GASB 68, while 2015 activity includes a net pension asset for the district.**

The calculation of net assets uses a historical cost for school buildings that may not accurately reflect the current value.

We carefully monitor and maintain our buildings within the District using general operating funds. We continue to prioritize projects associated with these funds on an annual basis, making sure these limited resources are spent where they are needed.



**MADISON METROPOLITAN SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015**

**Change in net assets.**

Table 2 shows the changes in net assets for the fiscal years 2014 and 2015.

**Table 2**

|  | <b>Total<br/>School District</b> |                      |
|--|----------------------------------|----------------------|
|  | <b><u>2014</u></b>               | <b><u>2015*</u></b>  |
| <b>Revenues</b>  |                                  |                      |
| Program revenues   |                                  |                      |
| Charges for services   | \$ 14,631,479                    | \$ 15,830,641        |
| Operating grants and contributions                             | 60,266,308                       | 57,749,988           |
| General revenues   |                                  |                      |
| Property taxes   |                                  |                      |
| General purposes   | 236,063,131                      | 245,505,643          |
| Debt service   | 6,055,277                        | 7,121,030            |
| Capital projects   | 6,000,000                        | 4,500,000            |
| Community service  | 9,675,429                        | 11,654,696           |
| State and federal aids not restricted to<br>specific functions | 59,320,718                       | 64,029,871           |
| Interest and investment earnings                               | 398,714                          | 378,442              |
| Miscellaneous  | 470,904                          | 341,065              |
| <b>Total revenues</b>  | <b>392,881,960</b>               | <b>407,111,376</b>   |
| <b>Expenses</b>  |                                  |                      |
| <b>Governmental activities</b>                                 |                                  |                      |
| Instruction  | 215,923,783                      | 219,705,706          |
| Support services   | 177,357,450                      | 181,446,617          |
| Nonprogram   | 11,181,427                       | 11,861,202           |
| <b>Total expenses</b>  | <b>404,462,660</b>               | <b>413,013,525</b>   |
| Change in net position   | (11,580,700)                     | (5,902,149)          |
| Net position, beginning of year                                | 34,873,338                       | 91,606,515           |
| Net position, end of year                                      | <b>\$ 23,292,638</b>             | <b>\$ 85,704,366</b> |

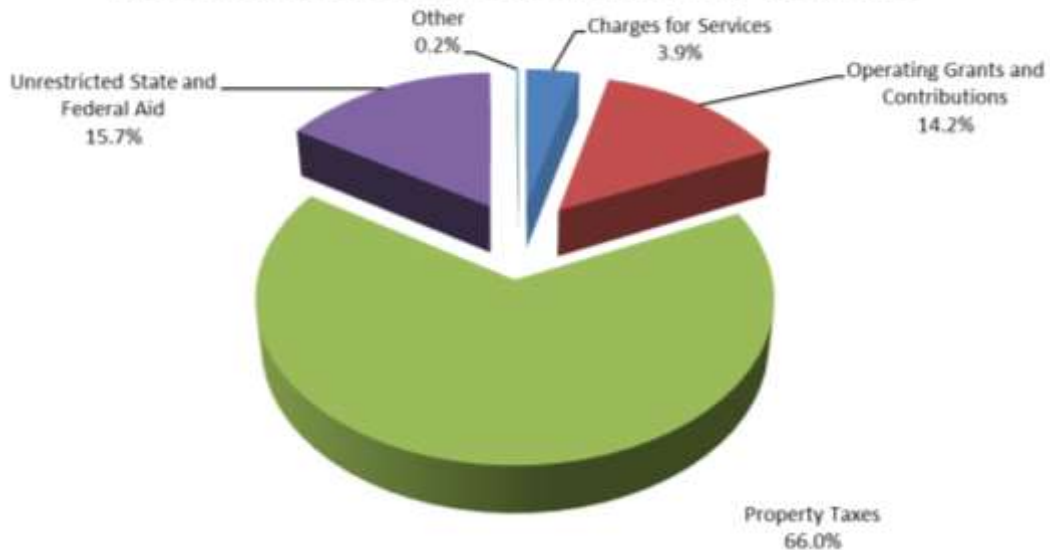
**\* 2015 beginning net position restated due to a  
prior period adjustment for GASB 68 - Pension Accounting**

**MADISON METROPOLITAN SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015**

**Revenues**

General state aid and general federal aid provide about 15.7% of the funding for governmental activities. Program revenues, in the form of charges for services and operating grants and contributions, accounted for over 18% of the total revenues. In addition, the District relies on property taxes for 65.6% of its revenues as shown on Chart 1 below.

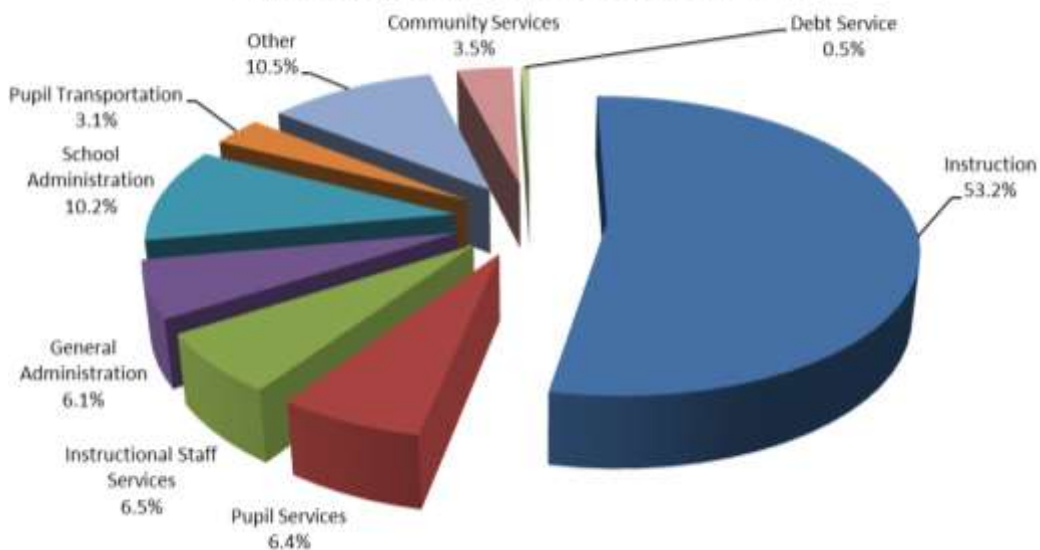
**Chart 1 Sources of Revenues for Fiscal Year 2015**



**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.

**Chart 2 Expenses for Fiscal Year 2015**



**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**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, 2015**

| Functions/Programs                   | Total Cost            |                       | Revenues             |                      | 2014 Net Cost<br>of Services | 2015 Net Cost<br>of Services |
|--------------------------------------|-----------------------|-----------------------|----------------------|----------------------|------------------------------|------------------------------|
|                                      | 2014                  | 2015                  | 2014                 | 2015                 |                              |                              |
| Total instruction                    | 215,923,783           | 219,705,706           | 36,712,685           | 36,561,268           | \$ 179,211,098               | \$ 183,144,438               |
| Pupil services                       | 24,591,432            | 26,494,254            | 11,604,712           | 9,835,237            | 12,986,720                   | 16,659,017                   |
| Instructional staff services         | 24,752,286            | 26,664,656            | 7,884,855            | 7,830,222            | 16,867,431                   | 18,834,434                   |
| General administration services      | 25,731,705            | 25,155,427            | 400,691              | 744,131              | 25,331,014                   | 24,411,297                   |
| Building administration services     | 47,954,889            | 42,267,849            | 11,124,102           | 11,516,678           | 36,830,787                   | 30,751,171                   |
| Pupil transportation services        | 12,504,797            | 12,891,968            | 1,461,133            | 1,461,421            | 11,043,664                   | 11,430,547                   |
| Other support services               | 21,689,839            | 26,909,837            | 1,202,077            | 773,099              | 20,487,762                   | 26,136,738                   |
| Community services                   | 13,642,531            | 14,400,083            | 4,507,532            | 4,858,573            | 9,134,999                    | 9,541,511                    |
| Debt service                         | 2,006,153             | 2,179,271             | -                    | -                    | 2,006,153                    | 2,179,271                    |
| Depreciation-unallocated             | 4,483,818             | 4,483,271             | -                    | -                    | 4,483,818                    | 4,483,271                    |
| Non-program                          | 11,181,427            | 11,861,203            | -                    | -                    | 11,181,427                   | 11,861,203                   |
| <b>Total governmental activities</b> | <b>\$ 404,462,660</b> | <b>\$ 413,013,525</b> | <b>\$ 74,897,787</b> | <b>\$ 73,580,629</b> | <b>\$ 329,564,873</b>        | <b>\$ 339,432,896</b>        |

**Governmental Funds**

The District completed the year with a total governmental fund balance of \$40,002,711.

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, 2015**

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, 2015**

|                               | <u>General<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>         |
|-------------------------------|-------------------------|--|----------------------|
| Nonspendable                  |                         |  |                      |
| Inventories and prepaid items | \$ 675,657              | \$ 202,438                                 | \$ 878,095           |
| Endowment - Bassett Funds     | 362,753                 |  | 362,753              |
| Restricted                    |                         |  |                      |
| Capital projects              | -                       | 652,214                                    | 652,214              |
| Debt service retirement       | -                       | 1,834,175                                  | 1,834,175            |
| Donations                     | -                       | 1,167,419                                  | 1,167,419            |
| Committed                     |                         |  |                      |
| Board designated as committed | -                       | -  | -                    |
| Bassett Funds                 | 81,378                  | -  | 81,378               |
| Assigned                      |                         |  |                      |
| Encumbrances                  | 93,901                  | -  | 93,901               |
| Community service             | -                       | 282,081                                    | 282,081              |
| Unassigned                    | 34,665,752              | (15,057)                                   | 34,650,695           |
| <b>Totals</b>                 | <u>\$ 35,879,441</u>    | <u>\$ 4,123,270</u>                        | <u>\$ 40,002,711</u> |

**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 2014-2015 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, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the 2015 fiscal year, the District had invested \$294,944,025 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 \$157,697,614 for governmental activities.

**Table 5**  
**Capital Assets**  
**June 30, 2015**

|                                     | <b>Governmental Activities</b> |                       | <b>% Change</b>       |
|-------------------------------------|--------------------------------|-----------------------|-----------------------|
|                                     | <b><u>2014</u></b>             | <b><u>2015</u></b>    | <b><u>2014-15</u></b> |
| Land and construction in progress   | \$ 16,231,015                  | \$ 17,663,968         | 8.83%                 |
| Buildings and building improvements | 254,376,976                    | 254,532,000           | 0.06%                 |
| Furniture and equipment             | 22,030,254                     | 22,748,057            | 3.26%                 |
| Less accumulated depreciation       | (153,029,505)                  | (157,697,614)         | 3.05%                 |
|                                     | <u>\$ 139,608,740</u>          | <u>\$ 137,246,411</u> | <u>(1.69)%</u>        |

**Long-Term Debt and Obligations**

At year-end, the District had \$146,574,735 in general obligation bonds and other long-term debt of which \$13,475,679 is due within one year of the close date of June 30, 2015 (see Table 6).

The Madison Metropolitan School District community approved a referendum for \$41,000,000 in general obligation notes in April, 2015 covering capital maintenance and technology improvements. The financing closed in August, 2015.

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

|                                       | <b>Balance<br/>2014</b> | <b>Balance<br/>2015</b> | <b>Due Within<br/>One Year</b> | <b>Noncurrent<br/>Liabilities</b> |
|---------------------------------------|-------------------------|-------------------------|--------------------------------|-----------------------------------|
| Notes and loans                       | \$ 9,180,000            | \$ 8,740,000            | \$ 896,613                     | \$ 7,843,387                      |
| Bonds                                 | 54,795,000              | 50,245,000              | 4,555,000                      | 45,690,000                        |
| Deferred amounts for premium/discount | 404,933                 | 300,397                 | 104,536                        | 195,861                           |
| Total general obligation debt         | 64,379,933              | 59,285,397              | 5,556,149                      | 53,729,248                        |
| Capital leases                        | 20,543                  | 441,754                 | 219,834                        | 221,920                           |
| Vested employee benefits              | 82,986,662              | 86,847,584              | 7,699,697                      | 79,147,888                        |
| <b>Totals</b>                         | <u>\$ 147,387,138</u>   | <u>\$ 146,574,735</u>   | <u>\$ 13,475,679</u>           | <u>\$ 133,099,056</u>             |

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**TABLE 7**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

|  |                     |                              |
|--|---------------------|------------------------------|
| <b>Net change in fund balances - total governmental funds</b>  |                     | <b>\$ (2,943,892)</b>        |
| <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 depreciated over their estimated useful lives in the statement of activities. |                     |                              |
| Capital outlay reported in governmental fund statements  | \$ 2,473,739        |                              |
| Depreciation expense reported in the statement of activities   | <u>(4,835,284)</u>  |                              |
| Amount by which capital outlays is greater than depreciation   |                     | (2,361,545)                  |
| Vested employee benefits are reported in the government funds when paid. The statement of activities reports the value of benefits earned during the year  |                     |                              |
| Special termination benefits paid in current year  | 6,822,477           |                              |
| Special termination benefits earned in current year  | <u>(9,862,042)</u>  |                              |
| Amounts earned are less than amounts paid  |                     | (3,039,565)                  |
| An implicit rate subsidy is incurred by the District for retired employees covered by the District's insurance plan.   |                     |                              |
| Employer contributions in the current year to the implicit rate subsidy  | 1,538,000           |                              |
| Actuarially determined costs of the implicit rate subsidy  | <u>(4,236,029)</u>  |                              |
| Amounts paid are less than amounts incurred  |                     | (2,698,029)                  |
| Defined pension benefits are reported in the government funds when funded. The statement of activities reports the pension benefits expense when earned by employees.  |                     |                              |
| Pension benefits funded in current year  | 15,619,536          |                              |
| Pension benefits earned in current year  | <u>(14,357,176)</u> |                              |
| Amounts earned are less than amounts paid  |                     | 1,262,360                    |
| Sick leave is reported in governmental funds when amounts are paid. The statement of activities reports the expected value of sick leave benefits earned by and expected to be paid to employees.  |                     |                              |
|  |                     | (821,356)                    |
| 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   |                     | 5,654,154                    |
| Long-term bonds, notes and capital leases, 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.              |                     |                              |
|  |                     | (1,085,365)                  |
| Long-term bond premiums and discounts are reported in governmental funds as other sources and debt service, respectively. In the statement of activities bond premiums and discounts are amortized over the life of the bonds.   |                     |                              |
|  |                     | 104,536                      |
| 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  | 167,959             |                              |
| The amount of depreciation recapture for the year was  | <u>(167,175)</u>    |                              |
| The difference in the value of assets net of recaptured depreciation   |                     | (784)                        |
| 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  | 2,189,740           |                              |
| The amount of interest accrued during the current period   | <u>(2,162,404)</u>  |                              |
| Interest paid is more than interest accrued by   |                     | <u>27,336</u>                |
| <b>Change in net position - governmental activities</b>  |                     | <b>\$ <u>(5,902,149)</u></b> |

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**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 0-1% range for the next two years. The District must be very disciplined concerning spending priorities to operate within the revenue limit.
- **Shared Costs** The District is attempting to stabilize it's expenditures to avoid significant swings in general aid under the state funding formula. This goal helps mitigate the effect on the local tax levy.
- **General Fund Balance** The General Fund Balance stands at \$35,879,441, or 10.45% 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.

**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  
Madison Metropolitan School District  
545 West Dayton Street  
Madison, WI 53703

**MADISON METROPOLITAN SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2015**

|   | <u><b>Governmental<br/>Activities</b></u> |
|---|---|
| <b>Assets</b>   |   |
| Cash and investments  | \$ 78,796,530                             |
| Receivables   |   |
| Taxes   | 47,973,919                                |
| Accounts  | 6,043,208                                 |
| Due from other governments  | 8,506,669                                 |
| Inventories and prepaid items   | 878,095                                   |
| Net pension asset   | 37,330,073                                |
| Land  | 9,395,541                                 |
| Construction in progress  | 8,268,427                                 |
| Site improvements   | 743,462                                   |
| Buildings and building improvements   | 115,794,366                               |
| Furniture and equipment   | <u>3,044,616</u>                          |
| <b>Total assets</b>   | <u><b>316,774,906</b></u>                 |
| <b>Deferred outflows of resources</b>   |   |
| Expected vs. Actual Pension Experience  | 5,411,699                                 |
| Expected vs. Actual Pension Investment Income                                     | 18,077,024                                |
| Contributions to pension after measurement date                                   | <u>10,037,797</u>                         |
| <b>Total deferred outflows of resources</b>                                       | <u><b>33,526,520</b></u>                  |
| <b>Liabilities</b>  |   |
| Short-term notes payable  | 74,500,000                                |
| Accounts payable  | 3,426,211                                 |
| Payroll and related benefits payable  | 23,231,093                                |
| Interest payable  | 1,303,557                                 |
| Unearned revenue  | 375,912                                   |
| Long term obligations   |   |
| Due within one year   | 13,475,680                                |
| Due in more than one year   | <u>147,004,251</u>                        |
| <b>Total liabilities</b>  | <u><b>263,316,704</b></u>                 |
| <b>Deferred inflows of resources</b>  |   |
| Change in Proportionalte Share of Pension &<br>Difference in Actual Contributions | <u>1,280,356</u>                          |
| <b>Total deferred inflows of resources</b>  | <u><b>1,280,356</b></u>                   |
| <b>Net position</b>   |   |
| Net investment in capital assets  | 104,203,062                               |
| Restricted for  |   |
| Endowment - Bassett Fund  | 362,752                                   |
| Capital projects  | 68,811                                    |
| Debt service  | 1,193,112                                 |
| Donations   | 1,167,419                                 |
| Unrestricted (deficit)  | <u>(21,290,790)</u>                       |
| <b>Total net position</b>   | <u><b>\$ 85,704,366</b></u>               |

See accompanying notes to financial statements.



**MADISON METROPOLITAN SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

| <u>Functions/Programs</u>                                   | <u>Expenses</u>              | <u>Program Revenues</u>             |   | <u>Net (Expenses)</u>                              |
|---|------------------------------|-------------------------------------|---|--|
|   |                              | <u>Charges<br/>for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Revenue and<br/>Changes in<br/>Net Position</u> |
|   |                              |                                     |   | <u>Governmental<br/>Activities</u>                 |
| <b>Governmental activities</b>                              |                              |                                     |   |  |
| Instruction   |                              |                                     |   |  |
| Regular instruction   | \$ 148,954,659               | \$ 5,648,933                        | \$ 12,442,529                                     | \$ (130,863,197)                                   |
| Vocational instruction                                      | 4,118,541                    | 60,922                              | 302,498   | (3,755,121)  |
| Special education instruction                               | 55,367,745                   | 1,465                               | 17,059,917  | (38,306,363)                                       |
| Other instruction   | <u>11,264,760</u>            | <u>1,045,004</u>                    | <u>-</u>  | <u>(10,219,756)</u>                                |
| Total instruction   | <u>219,705,705</u>           | <u>6,756,324</u>                    | <u>29,804,944</u>                                 | <u>(183,144,437)</u>                               |
| Support services  |                              |                                     |   |  |
| Pupil services  | 26,494,253                   | 482,639                             | 9,352,598   | (16,659,016)                                       |
| Instructional staff services                                | 26,664,656                   | 811,815                             | 7,018,407   | (18,834,434)                                       |
| General administration services                             | 25,155,428                   | 376,714                             | 367,417   | (24,411,297)                                       |
| Building administration services                            | 42,267,849                   | 2,928,243                           | 8,588,435   | (30,751,171)                                       |
| Pupil transportation services                               | 12,891,967                   | 79,842                              | 1,381,578   | (11,430,547)                                       |
| Other support services                                      | 26,909,837                   | 695,826                             | 77,273  | (26,136,738)                                       |
| Community services  | 14,400,083                   | 3,699,237                           | 1,159,336   | (9,541,510)  |
| Interest on long-term debt                                  | 2,179,271                    | -                                   | -   | (2,179,271)  |
| Depreciation-unallocated                                    | <u>4,483,271</u>             | <u>-</u>                            | <u>-</u>  | <u>(4,483,271)</u>                                 |
| Total support services                                      | <u>181,446,615</u>           | <u>9,074,317</u>                    | <u>27,945,044</u>                                 | <u>(144,427,254)</u>                               |
| Nonprogram  | <u>11,861,203</u>            | <u>-</u>                            | <u>-</u>  | <u>(11,861,203)</u>                                |
| <b>Total governmental activities</b>                        | <b><u>\$ 413,013,523</u></b> | <b><u>\$ 15,830,641</u></b>         | <b><u>\$ 57,749,988</u></b>                       | <b><u>(339,432,895)</u></b>                        |
| <b>General revenues</b>                                     |                              |                                     |   |  |
| Property taxes:   |                              |                                     |   |  |
| General purposes  |                              |                                     |   | 245,505,643  |
| Debt service  |                              |                                     |   | 7,121,030  |
| Capital projects  |                              |                                     |   | 4,500,000  |
| Community service   |                              |                                     |   | 11,654,696   |
| State and federal aids not restricted to specific functions |                              |                                     |   | 64,029,871   |
| Interest and investment earnings                            |                              |                                     |   | 378,442  |
| Miscellaneous   |                              |                                     |   | <u>341,064</u>                                     |
| <b>Total general revenues</b>                               |                              |                                     |   | <b><u>333,530,746</u></b>                          |
| <b>Change in net position</b>                               |                              |                                     |   | <b>(5,902,149)</b>                                 |
| <b>Net position - beginning of year as restated</b>         |                              |                                     |   | <b><u>91,606,515</u></b>                           |
| <b>Net position - end of year</b>                           |                              |                                     |   | <b><u>\$ 85,704,366</u></b>                        |

See accompanying notes to financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

|  | General<br>Fund       | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>                              |                       |                                   |                                |
| Cash and investments                       | \$ 75,895,424         | \$ 2,901,106                      | \$ 78,796,530                  |
| Receivables                                |                       |                                   |                                |
| Taxes                                      | 47,973,919            | -                                 | 47,973,919                     |
| Accounts                                   | 5,439,270             | 610,039                           | 6,049,309                      |
| Due from other governments                 | 8,506,669             | -                                 | 8,506,669                      |
| Due from other funds                       | 114,911               | 1,919,075                         | 2,033,986                      |
| Inventories and prepaid items              | <u>675,657</u>        | <u>202,438</u>                    | <u>878,095</u>                 |
| <b>Total assets</b>                        | <u>\$ 138,605,850</u> | <u>\$ 5,632,658</u>               | <u>\$ 144,238,508</u>          |
| <b>Liabilities and fund balances</b>       |                       |                                   |                                |
| <b>Liabilities</b>                         |                       |                                   |                                |
| Short-term note payable                    | \$ 74,500,000         | \$ -                              | \$ 74,500,000                  |
| Accounts payable                           | 2,068,785             | 1,249,841                         | 3,318,626                      |
| Payroll and related benefits payable       | 23,231,093            | -                                 | 23,231,093                     |
| Interest and deposit payable               | 662,494               | -                                 | 662,494                        |
| Due to other organizations                 | 107,585               | -                                 | 107,585                        |
| Unearned revenue                           | 171,788               | 204,124                           | 375,912                        |
| Due to other funds                         | <u>1,984,664</u>      | <u>55,423</u>                     | <u>2,040,087</u>               |
| <b>Total liabilities</b>                   | <u>102,726,409</u>    | <u>1,509,388</u>                  | <u>104,235,797</u>             |
| <b>Fund balances</b>                       |                       |                                   |                                |
| Nonspendable                               | 1,038,410             | 202,438                           | 1,240,848                      |
| Restricted                                 | -                     | 3,653,809                         | 3,653,809                      |
| Committed                                  | 81,378                | -                                 | 81,378                         |
| Assigned                                   | 93,901                | 282,081                           | 375,982                        |
| Unassigned                                 | <u>34,665,752</u>     | <u>(15,058)</u>                   | <u>34,650,694</u>              |
| <b>Total fund balances</b>                 | <u>35,879,441</u>     | <u>4,123,270</u>                  | <u>40,002,711</u>              |
| <b>Total liabilities and fund balances</b> | <u>\$ 138,605,850</u> | <u>\$ 5,632,658</u>               | <u>\$ 144,238,508</u>          |

*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           | \$ 294,944,025       |                |
| Governmental accumulated depreciation | <u>(157,697,614)</u> |                |
|                                       |                      | \$ 137,246,411 |

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                     | (58,985,000)        |                     |
| Premium on general obligation debt          | (300,397)           |                     |
| Capital lease obligations                   | (441,754)           |                     |
| Net pension asset                           | 69,576,238          |                     |
| Net OPEB obligation                         | (13,905,197)        |                     |
| Accrued interest on general obligation debt | (641,063)           |                     |
| Vested employee benefits                    | <u>(86,847,583)</u> | <u>(91,544,756)</u> |

**Total net position - governmental activities** \$ 85,704,366

See accompanying notes to financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

|  | <b>General<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total</b>         |
|--|-------------------------|--|----------------------|
| <b>Revenues</b>  |                         |  |                      |
| Property taxes   | \$ 245,505,643          | \$ 23,275,726                              | \$ 268,781,369       |
| Other local sources  | 4,500,357               | 8,227,237                                  | 12,727,594           |
| Interdistrict sources  | 2,444,702               | -  | 2,444,702            |
| Intermediate sources   | 80,495                  | -  | 80,495               |
| State sources  | 91,564,672              | 176,442                                    | 91,741,114           |
| Federal sources  | 20,483,538              | 9,551,691                                  | 30,035,229           |
| Other sources  | <u>1,152,878</u>        | <u>148,777</u>                             | <u>1,301,655</u>     |
| <b>Total revenues</b>  | <u>365,732,285</u>      | <u>41,379,873</u>                          | <u>407,112,158</u>   |
| <b>Expenditures</b>  |                         |  |                      |
| Instruction  |                         |  |                      |
| Regular instruction  | 147,917,582             | 897,704                                    | 148,815,286          |
| Vocational instruction                                       | 4,087,662               | 7,838                                      | 4,095,500            |
| Special education instruction                                | 55,373,240              | -  | 55,373,240           |
| Other instruction  | <u>11,133,352</u>       | <u>110,926</u>                             | <u>11,244,278</u>    |
| Total instruction  | <u>218,511,836</u>      | <u>1,016,468</u>                           | <u>219,528,304</u>   |
| Support services   |                         |  |                      |
| Pupil services   | 26,321,996              | 143,128                                    | 26,465,124           |
| Instructional staff services                                 | 25,913,862              | 702,960                                    | 26,616,822           |
| General administration services                              | 24,946,147              | 135,468                                    | 25,081,615           |
| Building administration services                             | 26,213,585              | 18,504,168                                 | 44,717,753           |
| Pupil transportation   | 12,798,817              | 93,150                                     | 12,891,967           |
| Community services   | -                       | 14,400,083                                 | 14,400,083           |
| Debt service   | 371,647                 | 7,593,650                                  | 7,965,297            |
| Other support services                                       | <u>20,991,350</u>       | <u>621,897</u>                             | <u>21,613,247</u>    |
| Total support services                                       | <u>137,557,404</u>      | <u>42,194,504</u>                          | <u>179,751,908</u>   |
| Nonprogram   | <u>11,861,203</u>       | <u>-</u>                                   | <u>11,861,203</u>    |
| <b>Total expenditures</b>                                    | <u>367,930,443</u>      | <u>43,210,972</u>                          | <u>411,141,415</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | (2,198,158)             | (1,831,099)                                | (4,029,257)          |
| Capital leases   | 665,365                 | -  | 665,365              |
| Long-term debt issued  | -                       | 420,000                                    | 420,000              |
| Transfers in   | 36,060                  | 35,027                                     | 71,087               |
| Transfers out  | <u>(614)</u>            | <u>(70,473)</u>                            | <u>(71,087)</u>      |
| <b>Net change in fund balances</b>                           | (1,497,347)             | (1,446,545)                                | (2,943,892)          |
| <b>Fund balances - beginning of year</b>                     | <u>37,376,788</u>       | <u>5,569,815</u>                           | <u>42,946,603</u>    |
| <b>Fund balances - end of year</b>                           | <u>\$ 35,879,441</u>    | <u>\$ 4,123,270</u>                        | <u>\$ 40,002,711</u> |

See accompanying notes to 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, 2015**

|  |                     |                              |
|--|---------------------|------------------------------|
| <b>Net change in fund balances - total governmental funds</b>  |                     | <b>\$ (2,943,892)</b>        |
| <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 depreciated over their estimated useful lives in the statement of activities. |                     |                              |
| Capital outlay reported in governmental fund statements  | \$ 2,473,739        |                              |
| Depreciation expense reported in the statement of activities   | <u>(4,835,284)</u>  |                              |
| Amount by which capital outlays is greater than depreciation   |                     | (2,361,545)                  |
| Vested employee benefits are reported in the government funds when paid. The statement of activities reports the value of benefits earned during the year  |                     |                              |
| Special termination benefits paid in current year  | 6,822,477           |                              |
| Special termination benefits earned in current year  | <u>(9,862,042)</u>  |                              |
| Amounts earned are less than amounts paid  |                     | (3,039,565)                  |
| An implicit rate subsidy is incurred by the District for retired employees covered by the District's insurance plan.   |                     |                              |
| Employer contributions in the current year to the implicit rate subsidy  | 1,538,000           |                              |
| Actuarially determined costs of the implicit rate subsidy  | <u>(4,236,029)</u>  |                              |
| Amounts paid are less than amounts incurred  |                     | (2,698,029)                  |
| Defined pension benefits are reported in the government funds when funded. The statement of activities reports the pension benefits expense when earned by employees.  |                     |                              |
| Pension benefits funded in current year  | 15,619,536          |                              |
| Pension benefits earned in current year  | <u>(14,357,176)</u> |                              |
| Amounts earned are less than amounts paid  |                     | 1,262,360                    |
| Sick leave is reported in governmental funds when amounts are paid. The statement of activities reports the expected value of sick leave benefits earned by and expected to be paid to employees.  |                     |                              |
|  |                     | (821,356)                    |
| 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   |                     | 5,654,154                    |
| Long-term bonds, notes, and capital leases 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.               |                     |                              |
|  |                     | (1,085,365)                  |
| Long-term bond premiums and discounts are reported in governmental funds as other sources and debt service, respectively. In the statement of activities bond premiums and discounts are amortized over the life of the bonds.   |                     |                              |
|  |                     | 104,536                      |
| 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  | 167,959             |                              |
| The amount of depreciation recapture for the year was  | <u>(167,175)</u>    |                              |
| The difference in the value of assets net of recaptured depreciation   |                     | (784)                        |
| 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  | 2,189,740           |                              |
| The amount of interest accrued during the current period   | <u>(2,162,404)</u>  |                              |
| Interest paid is more than interest accrued by   |                     | <u>27,336</u>                |
| <b>Change in net position - governmental activities</b>  |                     | <b><u>\$ (5,902,149)</u></b> |

See accompanying notes to financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2015**

|                              | <u>Scholarship<br/>Fund</u> | <u>Agency<br/>Fund</u> |
|------------------------------|-----------------------------|------------------------|
| <b>Assets</b>                |                             |                        |
| Cash and investments         | \$ 616,617                  | \$ 765,927             |
| Interest Receivable          | 65                          | -                      |
| Due from other funds         | <u>6,101</u>                | <u>-</u>               |
| <b>Total assets</b>          | <u>622,783</u>              | <u>765,927</u>         |
| <b>Liabilities</b>           |                             |                        |
| Due to student organizations | <u>-</u>                    | <u>765,927</u>         |
| <b>Total liabilities</b>     | <u>-</u>                    | <u>\$ 765,927</u>      |
| <b>Net position</b>          |                             |                        |
| Restricted                   | <u>\$ 622,783</u>           |                        |

See accompanying notes to financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2015**

|   | <u>Scholarship<br/>Fund</u> |
|---|-----------------------------|
| <b>Additions</b>                        |                             |
| Interest income                         | \$ 1,532                    |
| Gifts and contributions                 | <u>119,132</u>              |
| <b>Total additions</b>                  | 120,664                     |
| <b>Deductions</b>                       |                             |
| Scholarships and awards paid            | <u>235,429</u>              |
| <b>Change in net position</b>           | (114,765)                   |
| <b>Net position - beginning of year</b> | <u>737,548</u>              |
| <b>Net position - end of year</b>       | <u><u>\$ 622,783</u></u>    |

See accompanying notes to financial statements.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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.

Effective July 1, 2014, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. GASB Statement No. 68 defines the pension liability as the difference between the total pension liability and the value of assets set aside to pay benefits. A description of the pension plan and the impact on the financial statements of the District is provided in Note 10.

**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, 2015**

**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. 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, 2015**

**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.

Additionally the district reports the following fiduciary fund types:

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

**Scholarship Trust 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, 2015**

**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. Federal and state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred if expected to be collected in the subsequent 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, 2015**

**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. Appropriations lapse at year end unless otherwise specifically carried over.

**E. CASH AND INVESTMENTS**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments either with original maturities of three months or less from date of acquisition or available per the district's intergovernmental cooperation agreement with the City of Madison for treasury services and fund investment . Cash and investment balances for individual funds are pooled unless maintained in segregated 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. 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, 2015**

**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 are recorded at cost based on the first-in, first-out method using the consumption method of accounting. Inventories in the governmental fund types are recorded as expenditures when consumed rather than when purchased. Donated United States Department of Agriculture (USDA) commodities are recorded as revenues and assets in the school nutrition services at the fair value when originally donated by the USDA.

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

**I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Three items that meet this criterion, expected vs. actual experience of the pension plan, expected vs. actual investment income of the pension plan and contributions after measurement date, relate to the allocation of the pension activity resulting from the implementation of GASB Statement 68.

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has reported the change in its proportionate share of the statewide WRS Pension as a deferred inflow of resources.

**J. 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, interest, and debt issue costs are reported as expenditures.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

**K. 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 any unexpended proceeds. 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.

**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, adoption of a resolution, 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 and are available for any purpose. Unassigned amounts are only reported in the general fund.

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.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

**L. 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.

**M. COMPENSATED ABSENCES**

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

**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, 2015, there were 1,258 participants and expenditures on a pay-as-you-go basis were \$3,965,212. The District’s sick leave liability at June 30, 2015 was \$79,634,683, which represents \$47,756,012 for currently active employees and \$31,878,671 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, 2015, there were 312 participants and expenditures on a pay-as-you-go basis were \$2,857,264. After applying a discount rate of 3%, the present value of the District’s early retirement liability at June 30, 2015 was \$7,212,900.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

**N. PENSION**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**O. 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, 2015 was \$13,905,197

**P. 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. Capital assets are defined by the District as assets with an initial individual cost of \$5,000. Donated assets are reported at estimated fair value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                                 | <u>Estimated<br/>Useful Life</u> |
|---------------------------------|----------------------------------|
| Buildings                       | 50 years                         |
| Building improvements           | 20 - 25 years                    |
| Site improvements               | 10 - 20 years                    |
| Furniture and equipment         | 5-15 years                       |
| Computer and related technology | 4-10 years                       |

**Q. 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.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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.
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.



**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

| For the Year Ended June 30, 2015                     | Total<br>Governmental<br>Funds | Long -Term<br>Revenues/<br>Expenses | Capital<br>Related<br>Items | Long -Term<br>Debt<br>Transactions | Statement<br>of Activities<br>Total |
|--|--------------------------------|-------------------------------------|-----------------------------|------------------------------------|-------------------------------------|
| <b>Revenues:</b>                                     |                                |                                     |                             |                                    |                                     |
| Property taxes                                       | \$ 268,781,369                 | \$ -                                | \$ -                        | \$ -                               | \$ 268,781,369                      |
| Other local sources                                  | 12,727,594                     | -                                   | -                           | -                                  | 12,727,594                          |
| Intermediate sources                                 | 2,444,702                      | -                                   | -                           | -                                  | 2,444,702                           |
| Interdistrict sources                                | 80,495                         | -                                   | -                           | -                                  | 80,495                              |
| State sources  |                                |                                     |                             |                                    |                                     |
| General state aid                                    | 91,741,114                     | -                                   | -                           | -                                  | 91,741,114                          |
| Operating grants and contributions                   | -                              | -                                   | -                           | -                                  | -                                   |
| Federal sources (operating grants and contributions) | 30,035,229                     | -                                   | -                           | -                                  | 30,035,229                          |
| Other sources  | 1,301,655                      | -                                   | -                           | -                                  | 1,301,655                           |
| Special and extraordinary:                           |                                |                                     |                             |                                    |                                     |
| Loss on disposal of assets                           | -                              | -                                   | (784)                       | -                                  | (784)                               |
| <b>Total revenues</b>                                | <b>407,112,158</b>             | <b>-</b>                            | <b>(784)</b>                | <b>-</b>                           | <b>407,111,374</b>                  |
| <b>Expenditures</b>                                  |                                |                                     |                             |                                    |                                     |
| <b>Instruction:</b>                                  |                                |                                     |                             |                                    |                                     |
| Regular instruction                                  | 148,815,286                    | -                                   | 139,373                     | -                                  | 148,954,659                         |
| Vocational instruction                               | 4,095,500                      | -                                   | 23,041                      | -                                  | 4,118,541                           |
| Special instruction                                  | 55,373,240                     | -                                   | (5,495)                     | -                                  | 55,367,745                          |
| Other instruction                                    | 11,244,278                     | -                                   | 20,482                      | -                                  | 11,264,760                          |
| <b>Total instruction</b>                             | <b>219,528,304</b>             | <b>-</b>                            | <b>177,401</b>              | <b>-</b>                           | <b>219,705,705</b>                  |
| <b>Support Services:</b>                             |                                |                                     |                             |                                    |                                     |
| Pupil services                                       | 26,465,124                     | -                                   | 29,129                      | -                                  | 26,494,253                          |
| Instructional staff services                         | 26,616,822                     | -                                   | 47,834                      | -                                  | 26,664,656                          |
| General administration services                      | 25,081,615                     | -                                   | 73,813                      | -                                  | 25,155,428                          |
| Building administration services                     | 44,717,753                     | -                                   | (2,449,904)                 | -                                  | 42,267,849                          |
| Pupil transportation                                 | 12,891,967                     | -                                   | -                           | -                                  | 12,891,967                          |
| Community services                                   | 14,400,083                     | -                                   | -                           | -                                  | 14,400,083                          |
| Debt service   | 7,965,297                      | (27,336)                            | -                           | (5,758,690)                        | 2,179,271                           |
| Other support services                               | 21,613,247                     | 5,296,590                           | -                           | -                                  | 26,909,837                          |
| Depreciation-Unallocated                             | -                              | -                                   | 4,483,271                   | -                                  | 4,483,271                           |
| <b>Total support services</b>                        | <b>179,751,908</b>             | <b>5,269,254</b>                    | <b>2,184,143</b>            | <b>(5,758,690)</b>                 | <b>181,446,615</b>                  |
| <b>Non-program</b>                                   | <b>11,861,203</b>              | <b>-</b>                            | <b>-</b>                    | <b>-</b>                           | <b>11,861,203</b>                   |
| <b>Total expenditures</b>                            | <b>411,141,415</b>             | <b>5,269,254</b>                    | <b>2,361,544</b>            | <b>(5,758,690)</b>                 | <b>413,013,523</b>                  |
| <b>Other financing sources (uses):</b>               |                                |                                     |                             |                                    |                                     |
| Transfers to/from other funds                        | -                              | -                                   | -                           | -                                  | -                                   |
| Proceeds from cap leases                             | 665,365                        | -                                   | -                           | (665,365)                          | -                                   |
| Proceeds from bonds                                  | 420,000                        | -                                   | -                           | (420,000)                          | -                                   |
| <b>Total Other</b>                                   | <b>1,085,365</b>               | <b>-</b>                            | <b>-</b>                    | <b>(1,085,365)</b>                 | <b>-</b>                            |
| Net Change for Year                                  | <b>\$ (2,943,892)</b>          | <b>\$ (5,269,254)</b>               | <b>\$ (2,362,328)</b>       | <b>\$ 4,673,325</b>                | <b>\$ (5,902,149)</b>               |

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 3 - CASH AND INVESTMENTS**

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

|  | <u>Carrying Amount</u> | <u>Bank Balance</u> | <u>Risks</u>             |
|--|------------------------|---------------------|--------------------------|
| Petty cash                                 | \$ 3,500               | -                   |                          |
| Deposits                                   |                        |                     |                          |
| Demand deposits                            | 171,885                | 171,885             | Custodial                |
| Certificates of deposit                    | <u>228,542</u>         | <u>228,542</u>      | Custodial                |
| Total Deposits                             | 400,426                | 400,426             |                          |
| Wisconsin Local Government Investment Pool | 7,129                  | 7,129               | Interest rate and credit |
| City of Madison Investment Pool            | 73,052,768             | 73,052,768          | Interest rate and credit |
| Wisconsin Investment Cooperative Series    | <u>6,715,250</u>       | <u>6,715,250</u>    | Interest rate and credit |
|  | 79,775,147             | 79,775,147          |                          |
| Total cash and investments                 | <u>\$ 80,179,074</u>   |                     |                          |
| Reconciliation to the Financial Statements |                        |                     |                          |
| Statement of Net Assets                    | \$ 78,796,530          |                     |                          |
| Statement of Fiduciary Net Assets          |                        |                     |                          |
| Scholarship Fund                           | 616,617                |                     |                          |
| Agency Fund                                | <u>765,927</u>         |                     |                          |
| Total cash and investments                 | <u>\$ 80,179,074</u>   |                     |                          |

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.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has adopted an investment policy which minimizes credit risk by limiting investments to the safest type of securities, specifically those authorized by the Wisconsin Statute 66.0603 including the following:

- 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.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

- 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.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. As of June 30, 2015, the Wisconsin Local Government Investment Pool (LGIP) and Wisconsin Investment Series Cooperative (WISC) investments have a maturity of 12 months or less.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of investments that are in the possession of another party. The District does not have a custodial credit risk policy for investments.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for each account. 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, 2015, 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. As of June 30, 2015, \$400,426 of the District's deposits with financial institution was uninsured and

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

uncollateralized. The District does not have a custodial risk policy for deposits.

PMA Financial Network is the administrator and investment manager for the WISC. The WISC is not registered with the Securities and Exchange Commission, but invests in funds in accordance with applicable Wisconsin statutes. The WISC is not rated. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2015, the District's share of the WISC's assets was substantially equal to the amount reported on page 32. The District is subject to market risk and credit risk through its investment in WISC.

The City of Madison Treasurer is the administrator and investment manager for the City of Madison Investment Pool. The City of Madison Investment Pool is not registered with the Securities and Exchange Commission, but invests in funds in accordance with applicable Wisconsin statutes. The City of Madison Investment Pool is not rated. The City of Madison Investment Pool has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2015, the District's fair value of investments held at the City of Madison Investment Pool was substantially equal to the amount reported on page 32. The District is subject to market risk and credit risk through its investment in City of Madison Investment Pool.

The District voluntarily invests excess funds in the LGIP, an external investment pool. The LGIP is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The SIF is not rated. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2015 the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported on page 32.

*Concentration of Credit Risk*

The District does not have a policy for concentration of credit risk. No District investment represents 5% or more of the total investments.

| Investment Type  | Fair Value           |
|--|----------------------|
| Wisconsin Investment Cooperative Series                | \$ 6,715,250         |
| City of Madison Investment Pool                        | 73,052,768           |
| Wisconsin Local Government Investment Pool             | <u>7,129</u>         |
| Total fair value of investments subject to credit risk | <u>\$ 79,775,147</u> |

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 4 - 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 5 - INTERFUND BALANCES AND ACTIVITY**

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts, the general fund, as debt service payments come due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances generally arise from the District's policy to pool cash and investments and hold those account balances in the General Fund. Interfund receivable and payable balances in the fund financial statements on June 30, 2015, are as follows:

| <u>Receivable Fund</u>     | <u>Payable fund</u> | <u>Amount</u> |
|----------------------------|---------------------|---------------|
| General Fund               | Food Service Fund   | \$ 55,423     |
| Special Revenue Trust Fund | General Fund        | 1,064,774     |
| Debt Service Fund          | General Fund        | 614           |
| Capital Projects Fund      | General Fund        | 381,471       |
| Community Service Fund     | General Fund        | 408,255       |
| Package Coop Fund          | General Fund        | 63,961        |
| Fiduciary Trust Fund       | General Fund        | 6,101         |

The net amount due from the Fiduciary Trust Fund of \$6,101 is reported as an external accounts receivable in the statement of net position.

| <u>Transferred to</u>      | <u>Transferred from</u>    | <u>Amount</u> |
|----------------------------|----------------------------|---------------|
| General Fund               | Community Service Fund     | \$ 29,860     |
| Special Revenue Trust Fund | Community Service Fund     | 34,413        |
| Debt Service Fund          | General Fund               | 614           |
| General Fund               | Special Revenue Trust Fund | 6,200         |

The District transfers from the Community Service Fund to the Special Revenue Fund to move the residual balance of a donation to that fund. The District transfers from the General Fund to the Debt Service Fund to cover debt service costs. The District transfers funds to the General Fund for indirect costs related to grants and donations.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Additions and<br/>Reclassifications</u> | <u>Removals</u>  | <u>Ending<br/>Balance</u> |
|--|------------------------------|--|------------------|---------------------------|
| Capital assets not being depreciated:        |                              |  |                  |                           |
| Sites (land)                                 | \$ 9,395,541                 | \$ -                                       | \$ -             | \$ 9,395,541              |
| Construction in progress                     | 6,835,474                    | 1,432,953                                  | -                | 8,268,427                 |
| Total capital assets not being depreciated:  | 16,231,015                   | 1,432,953                                  | -                | 17,663,968                |
| Capital assets being depreciated:            |                              |  |                  |                           |
| Site improvements                            | 2,778,678                    | -  | -                | 2,778,678                 |
| Buildings and building improvements          | 251,598,298                  | 155,024                                    | -                | 251,753,322               |
| Furniture and equipment                      | <u>22,030,254</u>            | <u>885,762</u>                             | <u>(167,959)</u> | <u>22,748,057</u>         |
| Total capital assets being depreciated:      | 276,407,230                  | 1,040,786                                  | (167,959)        | 277,280,057               |
| Less accumulated depreciation for:           |                              |  |                  |                           |
| Site Improvements                            | (1,944,020)                  | (91,196)                                   | -                | (2,035,216)               |
| Building & building improvements             | (131,822,834)                | (4,136,123)                                | -                | (135,958,957)             |
| Furniture and equipment                      | <u>(19,262,651)</u>          | <u>(607,965)</u>                           | <u>167,175</u>   | <u>(19,703,441)</u>       |
| Total accumulated depreciation               | (153,029,505)                | (4,835,284)                                | 167,175          | (157,697,614)             |
| Total capital assets being depreciated - net | <u>123,377,725</u>           | <u>(3,794,498)</u>                         | <u>(784)</u>     | <u>119,582,443</u>        |
| Capital assets - net                         | <u>\$ 139,608,740</u>        | <u>\$ (2,361,545)</u>                      | <u>\$ (784)</u>  | <u>\$ 137,246,411</u>     |

Depreciation expense for governmental activities for the year ended June 30, 2015 was charged to governmental functions as follows:

|   |                  |
|---|------------------|
| Regular Instruction                             | \$ 139,373       |
| Vocational Instruction                          | 23,041           |
| Other Instruction                               | 20,482           |
| Pupil Services                                  | 29,129           |
| Instructional Staff Services                    | 47,834           |
| General Admin                                   | 82,724           |
| Other Support                                   | 9,430            |
| Depreciation not charged to a specific function | <u>4,483,271</u> |
| Total Depreciation                              | <u>4,835,284</u> |

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 7 - 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, 2015 was as follows:

|   | Beginning<br>Balance | Issued              | Redeemed             | Ending<br>Balance    |
|---|----------------------|---------------------|----------------------|----------------------|
| Tax anticipation notes, due September 9, 2014 | \$64,500,000         | \$ -                | \$ 64,500,000        | \$ -                 |
| Tax anticipation notes, due September 8, 2015 | -                    | 74,500,000          | -                    | 74,500,000           |
| Totals  | <u>\$64,500,000</u>  | <u>\$74,500,000</u> | <u>\$ 64,500,000</u> | <u>\$ 74,500,000</u> |

**NOTE 8 - LONG-TERM OBLIGATIONS**

Long-term obligations of the District are as follows:

|                                       | Beginning<br>Balance  | Additions            | Reductions           | Ending<br>Balance     | Due within<br>One Year |
|---------------------------------------|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Notes and loans                       | \$ 9,180,000          | \$ 420,000           | \$ 860,000           | \$ 8,740,000          | \$ 896,613             |
| Bonds                                 | 54,795,000            | -                    | 4,550,000            | 50,245,000            | 4,555,000              |
| Deferred amounts for premium/discount | 404,933               | -                    | 104,536              | 300,397               | 104,536                |
| Total general obligation debt         | 64,379,933            | 420,000              | 5,514,536            | 59,285,397            | 5,556,149              |
| Capital Leases                        | 20,543                | 665,365              | 244,154              | 441,754               | 219,834                |
| Vested employee benefits              | 82,986,662            | 10,683,398           | 6,822,477            | 86,847,583            | 7,699,697              |
| Total long-term obligations           | <u>\$ 147,387,138</u> | <u>\$ 11,768,763</u> | <u>\$ 12,581,167</u> | <u>\$ 146,574,734</u> | <u>\$ 13,475,680</u>   |

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.

Details of the vested employee benefits are shown below:

|                                    | Beginning<br>Balance | Additions            | Reductions          | Ending<br>Balance    | Due within<br>One Year |
|------------------------------------|----------------------|----------------------|---------------------|----------------------|------------------------|
| Sick leave liability               |                      |                      |                     |                      |                        |
| Currently active employees         | \$ 46,934,655        | \$ 821,356           | \$ -                | \$ 47,756,011        | \$ 477,560             |
| Retirees                           | 29,815,728           | 6,028,156            | 3,965,212           | 31,878,672           | 3,965,212              |
| Early retirement benefit liability | 6,236,279            | 3,833,886            | 2,857,265           | 7,212,900            | 3,256,925              |
|                                    | <u>\$ 82,986,662</u> | <u>\$ 10,683,398</u> | <u>\$ 6,822,477</u> | <u>\$ 86,847,583</u> | <u>\$ 7,699,697</u>    |

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 8 - LONG-TERM OBLIGATIONS (Continued)**

All general obligation debt is secured by the full faith, credit, and unlimited taxing powers of the District. General obligation debt at June 30, 2015, is comprised of the following individual issues:

| <u>Description</u>             | <u>Issue<br/>Dates</u> | <u>Average<br/>Interest Rate</u> | <u>Date of<br/>Maturity</u> | <u>Original<br/>Borrowing</u> | <u>Balance<br/>6/30/2015</u> |
|--------------------------------|------------------------|----------------------------------|-----------------------------|-------------------------------|------------------------------|
| Bonds Payable                  | 3/15/2007              | 3.95%                            | 9/1/2026                    | 30,365,000                    | \$ 13,810,000                |
| Bonds Payable                  | 10/23/2009             | 2.28%                            | 10/1/2020                   | 17,490,000                    | 7,865,000                    |
| Bonds Payable                  | 3/26/2010              | 5.08%                            | 3/1/2020                    | 28,495,000                    | 9,225,000                    |
| QSCB Payable                   | 12/29/2010             | 4.25%                            | 12/1/2020                   | 1,080,000                     | 1,080,000                    |
| QZAB Payable                   | 3/21/2012              | 4.00%                            | 12/1/2031                   | 17,355,000                    | 2,770,000                    |
| Bonds Payable                  | 3/21/2012              | 2.78%                            | 3/1/2025                    | 2,770,000                     | 16,575,000                   |
| Energy Efficiency Note Payable | 12/17/2012             | 1.98%                            | 9/1/2022                    | 9,100,000                     | 7,240,000                    |
| State Trust Fund Loan          | 6/20/2015              | 3.00%                            | 3/15/2020                   | 420,000                       | <u>420,000</u>               |
|                                |                        |                                  |                             |                               | <u>\$ 58,985,000</u>         |

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt on June 30, 2015, follow:

| Year ended<br>June 30, | Principal            | Interest             | Totals               |
|------------------------|----------------------|----------------------|----------------------|
| 2016                   | \$ 5,451,613         | \$ 2,036,076         | \$ 7,487,689         |
| 2017                   | 5,705,885            | 1,868,416            | 7,574,301            |
| 2018                   | 5,993,313            | 1,652,439            | 7,645,752            |
| 2019                   | 6,295,811            | 1,426,965            | 7,722,776            |
| 2020                   | 6,138,378            | 1,174,311            | 7,312,689            |
| 2021-2025              | 25,260,000           | 3,016,501            | 28,276,501           |
| 2026-2030              | 1,370,000            | 610,512              | 1,980,512            |
| 2031-32                | <u>2,770,000</u>     | <u>166,200</u>       | <u>2,936,200</u>     |
|                        | <u>\$ 58,985,000</u> | <u>\$ 11,951,420</u> | <u>\$ 70,936,420</u> |

The 2015 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$23,231,371,528. The legal debt limit and margin of indebtedness as of June 30, 2015, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

|                                      |                         |
|--------------------------------------|-------------------------|
| Debt limit (10% of \$23,231,371,528) | \$ 2,323,137,153        |
| GO debt outstanding                  | <u>58,985,000</u>       |
| Margin of Indebtedness               | <u>\$ 2,264,152,153</u> |



**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 8 - LONG-TERM OBLIGATIONS (Continued)**

**CAPITAL LEASES**

Included in furniture and equipment are the following assets held under capital leases as of June 30, 2015:

|                               |    |            |
|-------------------------------|----|------------|
| Network Equipment             | \$ | 665,365    |
| Less accumulated depreciation |    | 66,537     |
|                               |    | \$ 598,829 |

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, 2015:

|   | Year ended |            |
|---|------------|------------|
|   | June 30,   | Amount     |
|   | 2016       | \$ 228,429 |
|   | 2017       | 228,429    |
| Total minimum lease payments            |            | 456,858    |
| Less amount representing interest       |            | (15,104)   |
| Present value of minimum lease payments |            | \$ 441,754 |

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**General Information about the Pension Plan**

*Plan description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)**

*Benefits provided.* Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category. Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employees.

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

| Year | Core Fund<br>Adjustment | Variable Fund<br>Adjustment |
|------|-------------------------|-----------------------------|
| 2005 | 2.6%                    | 7%                          |
| 2006 | 0.8                     | 3                           |
| 2007 | 3.0                     | 10                          |
| 2008 | 6.6                     | 0                           |
| 2009 | (2.1)                   | (42)                        |
| 2010 | (1.3)                   | 22                          |
| 2011 | (1.2)                   | 11                          |
| 2012 | (7.0)                   | (7)                         |
| 2013 | (9.6)                   | 9                           |
| 2014 | 4.7                     | 25                          |

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

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS** (Continued)

During the reporting period, the WRS recognized \$15,038,383 in contributions from the employer. Contribution rates as of June 30, 2015 are:

| Employee Category                  | <u>Employee</u> | <u>Employer</u> |
|------------------------------------|-----------------|-----------------|
| General (including teachers)       | 6.8%            | 6.8%            |
| Executives & Elected Officials     | 7.7%            | 7.7%            |
| Protective with Social Security    | 6.8%            | 9.5%            |
| Protective without Social Security | 6.8%            | 13.1%           |

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

At June 30, 2015, Madison Metropolitan School District reported an asset of \$37,330,073 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Madison Metropolitan School District's proportion of the net pension liability (asset) was based on Madison Metropolitan School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, Madison Metropolitan School District's proportion was 1.51978482%, which was an increase of 0.04467324% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, Madison Metropolitan School District recognized pension expense of \$14,357,176.

At June 30, 2015, Madison Metropolitan School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 5,411,699                              | \$ -                                     |
| Net differences between projected and actual earnings on pension plan investments                             | 18,077,024                                | -  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -   | 1,280,357                                |
| Employer contributions subsequent to the measurement date   | <u>10,037,797</u>                         | <u>-</u>                                 |
| Total   | <u>\$ 33,526,520</u>                      | <u>\$ 1,280,357</u>                      |

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS** (Continued)

\$10,037,797 reported as deferred outflows related to pension resulting from Madison Metropolitan School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year ended June 30: | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---------------------|---|--|
| 2015                | \$ 4,620,139                              | \$ (237,711)                             |
| 2016                | 4,620,139                                 | (237,711)                                |
| 2017                | 4,620,139                                 | (237,711)                                |
| 2018                | 4,620,139                                 | (237,711)                                |
| 2019                | 4,620,139                                 | (237,711)                                |
| Thereafter          | 388,028                                   | (91,804)                                 |

*Actuarial assumptions.* The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |                                   |
|---|-----------------------------------|
| Actuarial Valuation Date:                         | December 31, 2013                 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2014                 |
| Actuarial Cost Method:                            | Entry age                         |
| Asset Valuation Method:                           | Fair Market Value                 |
| Long-Term Expected Rate of Return:                | 7.2%                              |
| Discount Rate:                                    | 7.2%                              |
| Salary Increases:                                 |                                   |
| Inflation   | 3.2%                              |
| Seniority/Merit                                   | 0.2% - 5.8%                       |
| Mortality:  | Wisconsin 2012<br>Mortality Table |
| Post-retirement Adjustments*                      | 2.1%                              |

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class                | Long-Term Real<br>Rate of Return | Target<br>Allocation |
|----------------------------|----------------------------------|----------------------|
| US Equities                | 5.3%                             | 21%                  |
| International Equities     | 5.7                              | 23                   |
| Fixed Income               | 1.7                              | 36                   |
| Inflation Sensitive Assets | 2.3                              | 20                   |
| Real Estate                | 4.2                              | 7                    |
| Private Equity/Debt        | 6.9                              | 7                    |
| Multi-Asset                | 3.9                              | 6                    |
| Cash                       | 0.9                              | (20)                 |

*Single Discount rate.* A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of Madison Metropolitan School District's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents Madison Metropolitan School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what Madison Metropolitan School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

|   | 1% Decrease to<br>Discount Rate<br>(6.2%) | Current<br>Discount Rate<br>(7.2%) | 1% Increase to<br>Discount Rate<br>(8.2%) |
|---|---|------------------------------------|---|
| Madison Metropolitan School District's<br>proportionate share of the<br>net pension asset | \$ 105,314,564                            | \$ (37,330,073)                    | \$ (149,985,040)                          |

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS** (Continued)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

**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 \$39,299 to \$48,299 annually to the plan upon the administrators' retirement for administrators with at least 15 years of service. The District contributed \$357,392 to the plan for the year ended June 30, 2015.

**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 10 - 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, 2015, the District reported a liability of \$919,748 which represents an estimate of reported and unreported claims and premiums which were incurred on or before June 30, 2015, 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.

Reported claims and claims incurred but not reported:

|         | Beginning<br>Balance | Contributions | Claims and<br>Changes in<br>Estimates | Ending Balance |
|---------|----------------------|---------------|---------------------------------------|----------------|
| 2014-15 | \$ 1,085,499         | \$ 4,033,807  | \$ 4,199,558                          | \$ 919,748     |

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 11 - 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.

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, 2015 was 23 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               | \$ 4,273,386                    |
| Interest on annual required contribution   | 336,215                         |
| Adjustment to annual required contribution | <u>(373,572)</u>                |
| Annual OPEB Cost                           | 4,236,029                       |
| Contributions made                         | <u>(1,538,000)</u>              |
| Increase in Net OPEB Obligation            | 2,698,029                       |
| Net OPEB obligation, beginning of year     | <u>11,207,168</u>               |
| <br>Net OPEB obligation, end of year       | <br><u><u>\$ 13,905,197</u></u> |

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015 and the two preceding years were as follows:

| Fiscal<br>Year<br>Ended | Annual<br>OPEB Cost | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net<br>OPEB<br>Obligation |
|-------------------------|---------------------|---|---------------------------|
| 6/30/2013               | \$ 3,922,909        | 47.29%  | \$ 8,471,005              |
| 6/30/2014               | 4,068,163           | 32.74%  | 11,207,168                |
| 6/30/2015               | 4,236,029           | 36.31%  | 13,905,197                |

**Funded Status and Funding Progress**

*Funded Status and Funding Progress.* As of July 1, 2013, the most recent actuarial valuation date, the District's actuarial accrued liability (AAL) for benefits was \$34,053,331 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$34,053,331. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2013-14 fiscal year was \$225,454,153 for a ratio of the UAAL to covered payroll of 15.10%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**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.



**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

1. **Interest Discount Rate:** 3.00% compounded annually.
2. **Inflation:** 3.00%
3. **Wage inflation:** 3.00%
4. **Mortality:** Healthy-Retiree, Disabled-Retiree and Healthy Active rates used were from the WRS December 31, 2012 actuarial valuation report.
5. **Employee Turnover/Withdrawal:** Ten-year select and ultimate rates of WRS for General were used from the WRS December 31, 2012 actuarial valuation report.
6. **Disablement:** WRS disability rates for General were used from the WRS December 31, 2012 actuarial valuation report.
7. **Retirement:** WRS retirement rates for General were used from the WRS December 31, 2012 actuarial valuation report.
8. **Percentage of Family Retirees Electing Family Coverage:**
  - Future retirees: 20% 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> |
|----------------------|-------------------------|
| 2014                 | 7.80%                   |
| 2015                 | 5.80%                   |
| 2016                 | 5.40%                   |
| 2017-2024            | 5.50%                   |
| 2024-2025            | 6.10%                   |

12. **Participant Data:** The actuary relied on the following participant data as of May, 2014.

| <u>Members</u> | <u>Participant Count</u> | <u>Average Age</u> | <u>Average Service</u> |
|----------------|--------------------------|--------------------|------------------------|
| Active         | 5,018                    | 44.6               | 9.8                    |

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 12 - FUND BALANCES**

The components of the governmental fund balances are as follows:

|                            | <u>General<br/>Fund</u> | <u>Nonmajor<br/>Govt Funds</u> | <u>Total</u>         |
|----------------------------|-------------------------|--------------------------------|----------------------|
| <b>Non-Spendable</b>       |                         |                                |                      |
| Prepays & Inventory        | \$ 675,657              | \$ 202,438                     | \$ 878,095           |
| Endowment                  | 362,753                 | -                              | 362,753              |
| Total Non Spendable        | <u>1,038,410</u>        | <u>202,438</u>                 | <u>1,240,848</u>     |
| <b>Restricted</b>          |                         |                                |                      |
| Capital Projects           | -                       | 652,215                        | 652,215              |
| Debt Service Retirement    | -                       | 1,834,175                      | 1,834,175            |
| Special Revenue - Donation | -                       | 1,167,419                      | 1,167,419            |
| Total Restricted           | <u>-</u>                | <u>3,653,809</u>               | <u>3,653,809</u>     |
| <b>Committed</b>           |                         |                                |                      |
| Bassett Funds              | 81,378                  | -                              | 81,378               |
| Total Committed            | <u>81,378</u>           | <u>-</u>                       | <u>81,378</u>        |
| <b>Assigned</b>            |                         |                                |                      |
| Community Service          | -                       | 282,081                        | 282,081              |
| Encumbrances               | 93,901                  | -                              | 93,901               |
| Total Assigned             | <u>93,901</u>           | <u>282,081</u>                 | <u>375,982</u>       |
| Unassigned                 | <u>34,665,752</u>       | <u>(15,058)</u>                | <u>34,650,694</u>    |
| <b>Totals</b>              | <u>\$ 35,879,441</u>    | <u>\$ 4,123,270</u>            | <u>\$ 40,002,711</u> |

**NOTE 13 - 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.

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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 – PRIOR PERIOD ADJUSTMENT**

The Government Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. Under GASB 68, the District is required to disclose the net pension asset on the statement of net position. As a result, an adjustment of \$68,313,877 was made to increase the June 30, 2014 net position of the Government Activities on the statement of activities based on the net pension asset balance and the related deferred outflows and inflows of resources balances as of June 30, 2014.

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

**NOTE 15 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through November 15, 2015, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2015, but prior to November 15, 2015, that provided additional evidence about conditions that existed at June 30, 2015, have been recognized in the financial statements for the year ended June 30, 2015. Events or transactions that provided evidence about conditions that did not exist at June 30, 2015, 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, 2015.

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, 2015**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <u>Variance with</u>  |
|--|-------------------------|----------------------|----------------------|-----------------------|
|  | <u>Original</u>         | <u>Final</u>         |                      | <u>Final Budget</u>   |
| <b>Revenues</b>  |                         |                      |                      |                       |
| Property taxes   | 245,512,784             | 245,512,784          | \$ 245,505,643       | \$ (7,141)            |
| Other local sources  | 4,414,412               | 4,517,535            | 4,500,357            | (17,178)              |
| Interdistrict sources  | 2,638,220               | 2,671,520            | 2,444,702            | (226,818)             |
| Intermediate sources   | 19,361                  | 75,511               | 80,495               | 4,984                 |
| State sources  | 91,380,420              | 91,437,140           | 91,564,672           | 127,532               |
| Federal sources  | 21,463,395              | 22,046,145           | 20,483,538           | (1,562,607)           |
| Other sources  | <u>877,000</u>          | <u>954,425</u>       | <u>1,152,878</u>     | <u>198,453</u>        |
| Total revenues   | <u>366,305,592</u>      | <u>367,215,060</u>   | <u>365,732,285</u>   | <u>(1,482,775)</u>    |
| <b>Expenditures</b>  |                         |                      |                      |                       |
| Instruction:   |                         |                      |                      |                       |
| Regular instruction  | 150,615,515             | 149,980,265          | 147,917,582          | 2,062,683             |
| Vocational instruction                                       | 4,104,448               | 4,059,237            | 4,087,662            | (28,425)              |
| Special instruction  | 54,984,550              | 55,173,823           | 55,373,240           | (199,417)             |
| Other instruction  | <u>10,813,620</u>       | <u>10,828,497</u>    | <u>11,133,352</u>    | <u>(304,855)</u>      |
| Total instruction  | <u>220,518,133</u>      | <u>220,041,822</u>   | <u>218,511,836</u>   | <u>1,529,986</u>      |
| Support services:  |                         |                      |                      |                       |
| Pupil services   | 25,962,055              | 26,802,721           | 26,321,996           | 480,725               |
| Instructional staff services                                 | 26,068,950              | 26,560,013           | 25,913,862           | 646,151               |
| General administration services                              | 25,175,920              | 25,069,397           | 24,946,147           | 123,250               |
| Building administration services                             | 27,929,403              | 27,809,552           | 26,213,585           | 1,595,967             |
| Pupil transportation   | 11,694,594              | 11,699,058           | 12,798,817           | (1,099,759)           |
| Principal and interest                                       | 120,803                 | 120,803              | 371,647              | (250,844)             |
| Other support services                                       | <u>16,529,096</u>       | <u>16,696,014</u>    | <u>20,991,350</u>    | <u>(4,295,336)</u>    |
| Total support services                                       | <u>133,480,821</u>      | <u>134,757,558</u>   | <u>137,557,404</u>   | <u>(2,799,846)</u>    |
| Nonprogram   | <u>12,339,017</u>       | <u>12,448,059</u>    | <u>11,861,203</u>    | <u>586,856</u>        |
| Total expenditures   | <u>366,337,971</u>      | <u>367,247,439</u>   | <u>367,930,443</u>   | <u>(683,004)</u>      |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | (32,379)                | (32,379)             | (2,198,158)          | (2,165,779)           |
| <b>Other financing sources (uses)</b>                        |                         |                      |                      |                       |
| Capital leases   | -                       | -                    | 665,365              | 665,365               |
| Transfers in   | 32,379                  | 32,379               | 36,060               | 3,681                 |
| Transfers out  | <u>-</u>                | <u>-</u>             | <u>(614)</u>         | <u>(614)</u>          |
| <b>Net change in fund balance</b>                            | -                       | -                    | (1,497,347)          | (1,497,347)           |
| <b>Fund balance - beginning of year</b>                      | <u>37,376,788</u>       | <u>37,376,788</u>    | <u>37,376,788</u>    | <u>-</u>              |
| <b>Fund balance - end of year</b>                            | <u>\$ 37,376,788</u>    | <u>\$ 37,376,788</u> | <u>\$ 35,879,441</u> | <u>\$ (1,497,347)</u> |

See accompanying notes to required supplementary information.

**MADISON METROPOLITAN SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR RETIREE'S HEALTH PLAN  
June 30, 2015**

| <u>Year Ended</u> | <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|-------------------|---------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| 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%  |
| 6/30/2014         | 7/1/2013                        | -                                | 34,053,331   | 34,053,331                 | 0%                  | 225,454,153            | 15.1%  |

See accompanying notes to required supplementary information.

**MADISON METROPOLITAN SCHOOL DISTRICT  
SCHEDULE OF NET PENSION ASSET - WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

|  |              |
|--|--------------|
| Madison Metropolitan School District's proportion of the net pension asset                             | 1.519785%    |
| Madison Metropolitan School District's proportionate share of the net pension asset                    | (37,330,073) |
| Madison Metropolitan School District's covered-employee payroll  | 213,983,673  |
| Madison Metropolitan School District's proportionate share as a percentage of covered-employee payroll | -17.45%      |
| Plan fiduciary net position as a percentage of the total pension asset                                 | 102.74%      |

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

**SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

|   |             |
|---|-------------|
| Contractually required contributions                                  | 15,038,383  |
| Contributions in relation to the contractually required contributions | 15,038,383  |
| Contribution deficiency (excess)                                      | -           |
| Madison Metropolitan School District's covered-employee payroll       | 213,983,673 |
| Contributions as a percentage of covered-employee payroll             | 7.03%       |

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

See accompanying notes to required supplementary information.

**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015**

**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 | \$ 28,425     |
| Special instruction    | 199,417       |
| Other instruction      | 304,855       |
| Support services       |               |
| Principal and interest | 250,844       |
| Pupil transportation   | 1,099,759     |
| Other support services | 4,295,336     |



**MADISON METROPOLITAN SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015**

**NOTE 4- FUNDING PROGRESS DATA**

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

The District is required to present information for the pension and other postemployment benefit plans for the three most recent actuarial studies. Duplicate information for intervening years is not repeated.

**NOTE 5 - NET PENSION ASSETS AND CONTRIBUTIONS**

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

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

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

**SUPPLEMENTARY INFORMATION**

**MADISON METROPOLITAN SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
GENERAL FUND  
June 30, 2015**

|  | <b>General<br/>Fund</b> | <b>Special<br/>Education<br/>Fund</b> | <b>Eliminations</b> | <b>Total</b>          |
|--|-------------------------|---------------------------------------|---------------------|-----------------------|
| <b>Assets</b>                              |                         |                                       |                     |                       |
| Cash and investments                       | \$ 75,895,274           | \$ 150                                | \$ -                | \$ 75,895,424         |
| Receivables                                |                         |                                       |                     |                       |
| Taxes                                      | 47,973,919              | -                                     | -                   | 47,973,919            |
| Accounts                                   | 5,370,423               | 68,847                                | -                   | 5,439,270             |
| Due from other governments                 | 8,506,669               | -                                     | -                   | 8,506,669             |
| Due from other funds                       | 114,911                 | 14,837                                | (14,837)            | 114,911               |
| Inventories and prepaid items              | 675,657                 | -                                     | -                   | 675,657               |
| <b>Total assets</b>                        | <u>\$ 138,536,853</u>   | <u>\$ 83,834</u>                      | <u>\$ (14,837)</u>  | <u>\$ 138,605,850</u> |
| <b>Liabilities and fund balances</b>       |                         |                                       |                     |                       |
| <b>Liabilities</b>                         |                         |                                       |                     |                       |
| Short-term note payable                    | \$ 74,500,000           | \$ -                                  | \$ -                | \$ 74,500,000         |
| Accounts payable                           | 1,984,951               | 83,834                                | -                   | 2,068,785             |
| Payroll and related benefits payable       | 23,231,093              | -                                     | -                   | 23,231,093            |
| Interest and deposit payable               | 662,494                 | -                                     | -                   | 662,494               |
| Due to other organizations                 | 107,585                 | -                                     | -                   | 107,585               |
| Unearned revenues                          | 171,788                 | -                                     | -                   | 171,788               |
| Due to other funds                         | 1,999,501               | -                                     | (14,837)            | 1,984,664             |
| <b>Total liabilities</b>                   | <u>102,657,412</u>      | <u>83,834</u>                         | <u>(14,837)</u>     | <u>102,726,409</u>    |
| <b>Fund balances</b>                       |                         |                                       |                     |                       |
| Nonspendable                               |                         |                                       |                     |                       |
| Inventories and prepaid items              | 675,657                 | -                                     | -                   | 675,657               |
| Endowment - Bassett Funds                  | 362,753                 | -                                     | -                   | 362,753               |
| Committed                                  |                         |                                       |                     |                       |
| Designated - Bassett Funds                 | 81,378                  | -                                     | -                   | 81,378                |
| Assigned - encumbrances                    | 93,901                  | -                                     | -                   | 93,901                |
| Unassigned                                 | 34,665,752              | -                                     | -                   | 34,665,752            |
| <b>Total fund balances</b>                 | <u>35,879,441</u>       | <u>-</u>                              | <u>-</u>            | <u>35,879,441</u>     |
| <b>Total liabilities and fund balances</b> | <u>\$ 138,536,853</u>   | <u>\$ 83,834</u>                      | <u>\$ (14,837)</u>  | <u>\$ 138,605,850</u> |

**MADISON METROPOLITAN SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GENERAL FUND**

**For the Year Ended June 30, 2015**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Education<br/>Fund</u> | <u>Eliminations</u> | <u>Total</u>         |
|--|-------------------------|---------------------------------------|---------------------|----------------------|
| <b>Revenues</b>  |                         |                                       |                     |                      |
| Property taxes   | \$ 245,505,643          | \$ -                                  | \$ -                | \$ 245,505,643       |
| Other local sources  | 4,500,357               | -                                     | -                   | 4,500,357            |
| Interdistrict sources  | 2,362,066               | 82,636                                | -                   | 2,444,702            |
| Intermediate sources   | 80,495                  | -                                     | -                   | 80,495               |
| State sources  | 72,802,758              | 18,761,914                            | -                   | 91,564,672           |
| Federal sources  | 14,449,059              | 6,034,479                             | -                   | 20,483,538           |
| Other sources  | 1,152,878               | -                                     | -                   | 1,152,878            |
| <b>Total revenues</b>  | <u>340,853,256</u>      | <u>24,879,029</u>                     | <u>-</u>            | <u>365,732,285</u>   |
| <b>Expenditures</b>  |                         |                                       |                     |                      |
| Instruction  |                         |                                       |                     |                      |
| Regular instruction  | 147,917,582             | -                                     | -                   | 147,917,582          |
| Vocational instruction                                       | 4,087,662               | -                                     | -                   | 4,087,662            |
| Special instruction  | 383,703                 | 54,989,537                            | -                   | 55,373,240           |
| Other instruction  | 11,133,352              | -                                     | -                   | 11,133,352           |
| Total instruction  | <u>163,522,299</u>      | <u>54,989,537</u>                     | <u>-</u>            | <u>218,511,836</u>   |
| Support services   |                         |                                       |                     |                      |
| Pupil services   | 13,804,359              | 12,517,637                            | -                   | 26,321,996           |
| Instructional staff services                                 | 23,170,784              | 2,743,078                             | -                   | 25,913,862           |
| General administration services                              | 24,856,147              | 90,000                                | -                   | 24,946,147           |
| Building administration services                             | 26,177,424              | 36,161                                | -                   | 26,213,585           |
| Pupil transportation   | 9,165,395               | 3,633,422                             | -                   | 12,798,817           |
| Debt service   | 371,647                 | -                                     | -                   | 371,647              |
| Other support services                                       | 20,904,742              | 86,608                                | -                   | 20,991,350           |
| Total support services                                       | <u>118,450,498</u>      | <u>19,106,906</u>                     | <u>-</u>            | <u>137,557,404</u>   |
| Nonprogram   | <u>11,651,553</u>       | <u>209,650</u>                        | <u>-</u>            | <u>11,861,203</u>    |
| <b>Total expenditures</b>                                    | <u>293,624,350</u>      | <u>74,306,093</u>                     | <u>-</u>            | <u>367,930,443</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | 47,228,906              | (49,427,064)                          | -                   | (2,198,158)          |
| Capital leases   | 665,365                 | -                                     | -                   | 665,365              |
| Transfer in  | 260,494                 | 49,651,498                            | (49,875,932)        | 36,060               |
| Transfer out   | (49,652,112)            | (224,434)                             | 49,875,932          | (614)                |
| <b>Net change in fund balances</b>                           | (1,497,347)             | -                                     | -                   | (1,497,347)          |
| <b>Fund balances - beginning of year</b>                     | <u>37,376,788</u>       | <u>-</u>                              | <u>-</u>            | <u>37,376,788</u>    |
| <b>Fund balances - end of year</b>                           | <u>\$ 35,879,441</u>    | <u>\$ -</u>                           | <u>\$ -</u>         | <u>\$ 35,879,441</u> |

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**For the Year Ended June 30, 2015**

|   | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <u>Variance with</u>  |
|---|-------------------------|----------------------|----------------------|-----------------------|
|   | <u>Original</u>         | <u>Final</u>         |                      | <u>Final Budget</u>   |
| <b>Revenues</b>                             |                         |                      |                      |                       |
| Property taxes                              | \$ 245,512,784          | \$ 245,512,784       | \$ 245,505,643       | \$ (7,141)            |
| Other local sources                         | 4,414,412               | 4,517,535            | 4,500,357            | (17,178)              |
| Interdistrict sources                       | 2,588,220               | 2,621,520            | 2,362,066            | (259,454)             |
| Intermediate sources                        | 19,361                  | 75,511               | 80,495               | 4,984                 |
| State sources                               | 72,493,666              | 72,550,386           | 72,802,758           | 252,372               |
| Federal sources                             | 15,816,098              | 16,232,218           | 14,449,059           | (1,783,159)           |
| Other sources                               | <u>877,000</u>          | <u>954,425</u>       | <u>1,152,878</u>     | <u>198,453</u>        |
| Total revenues                              | <u>341,721,541</u>      | <u>342,464,379</u>   | <u>340,853,256</u>   | <u>(1,611,123)</u>    |
| <b>Expenditures</b>                         |                         |                      |                      |                       |
| Instruction                                 |                         |                      |                      |                       |
| Regular instruction                         | 150,146,879             | 149,464,296          | 147,917,582          | 1,546,714             |
| Vocational instruction                      | 4,104,448               | 4,059,237            | 4,087,662            | (28,425)              |
| Special instruction                         | 563,351                 | 607,599              | 383,703              | 223,896               |
| Other instruction                           | <u>10,813,620</u>       | <u>10,828,497</u>    | <u>11,133,352</u>    | <u>(304,855)</u>      |
| Total instruction                           | <u>165,628,298</u>      | <u>164,959,629</u>   | <u>163,522,299</u>   | <u>1,437,330</u>      |
| Support services                            |                         |                      |                      |                       |
| Pupil services                              | 13,826,500              | 14,665,527           | 13,804,359           | 861,168               |
| Instructional staff services                | 23,292,150              | 23,879,499           | 23,170,784           | 708,715               |
| General administration services             | 25,175,920              | 25,069,397           | 24,856,147           | 213,250               |
| Building administration services            | 27,875,503              | 27,797,904           | 26,177,424           | 1,620,480             |
| Pupil transportation                        | 8,221,044               | 8,238,863            | 9,165,395            | (926,532)             |
| Principal and interest                      | 120,803                 | 120,803              | 371,647              | (250,844)             |
| Other support services                      | <u>16,172,030</u>       | <u>16,334,422</u>    | <u>20,904,742</u>    | <u>(4,570,320)</u>    |
| Total support services                      | <u>114,683,950</u>      | <u>116,106,415</u>   | <u>118,450,498</u>   | <u>(2,344,083)</u>    |
| Nonprogram                                  | <u>12,314,017</u>       | <u>12,303,059</u>    | <u>11,651,553</u>    | <u>651,506</u>        |
| Total expenditures                          | <u>292,626,265</u>      | <u>293,369,103</u>   | <u>293,624,350</u>   | <u>(255,247)</u>      |
| <b>Excess of revenues over expenditures</b> | 49,095,276              | 49,095,276           | 47,228,906           | (1,866,370)           |
| <b>Other financing sources (uses)</b>       |                         |                      |                      |                       |
| Capital leases                              | -                       | -                    | 665,365              | 665,365               |
| Transfers in                                | 199,293                 | 199,293              | 260,494              | 61,201                |
| Transfers out                               | <u>(49,294,569)</u>     | <u>(49,294,569)</u>  | <u>(49,652,112)</u>  | <u>(357,543)</u>      |
| <b>Net change in fund balance</b>           | -                       | -                    | (1,497,347)          | (1,497,347)           |
| <b>Fund balance - beginning of year</b>     | <u>37,376,788</u>       | <u>37,376,788</u>    | <u>37,376,788</u>    | <u>-</u>              |
| <b>Fund balance - end of year</b>           | <u>\$ 37,376,788</u>    | <u>\$ 37,376,788</u> | <u>\$ 35,879,441</u> | <u>\$ (1,497,347)</u> |

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL EDUCATION FUND**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**For the Year Ended June 30, 2015**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with</u> |
|--|-------------------------|-------------------|-------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>      |                   | <u>Final Budget</u>  |
| <b>Revenues</b>  |                         |                   |                   |                      |
| Interdistrict sources                                    | \$ 50,000               | \$ 50,000         | \$ 82,636         | \$ 32,636            |
| State sources  | 18,886,754              | 18,886,754        | 18,761,914        | (124,840)            |
| Federal sources  | 5,647,297               | 5,813,927         | 6,034,479         | 220,552              |
| <b>Total revenues</b>                                    | <u>24,584,051</u>       | <u>24,750,681</u> | <u>24,879,029</u> | <u>128,348</u>       |
| <b>Expenditures</b>                                      |                         |                   |                   |                      |
| Instruction  |                         |                   |                   |                      |
| Regular instruction                                      | 468,636                 | 515,969           | -                 | 515,969              |
| Special instruction                                      | 54,421,199              | 54,566,224        | 54,989,537        | (423,313)            |
| Total instruction  | <u>54,889,835</u>       | <u>55,082,193</u> | <u>54,989,537</u> | <u>92,656</u>        |
| Support services   |                         |                   |                   |                      |
| Pupil services   | 12,135,555              | 12,137,194        | 12,517,637        | (380,443)            |
| Instructional staff services                             | 2,776,800               | 2,680,514         | 2,743,078         | (62,564)             |
| General administration services                          | -                       | -                 | 90,000            | (90,000)             |
| Building administration services                         | 53,900                  | 11,648            | 36,161            | (24,513)             |
| Pupil transportation                                     | 3,473,550               | 3,460,195         | 3,633,422         | (173,227)            |
| Other support services                                   | 357,066                 | 361,592           | 86,608            | 274,984              |
| Total support services                                   | <u>18,796,871</u>       | <u>18,651,143</u> | <u>19,106,906</u> | <u>(455,763)</u>     |
| Nonprogram   | 25,000                  | 145,000           | 209,650           | (64,650)             |
| <b>Total expenditures</b>                                | <u>73,711,706</u>       | <u>73,878,336</u> | <u>74,306,093</u> | <u>(427,757)</u>     |
| <b>Excess (deficiency) of revenues over expenditures</b> | (49,127,655)            | (49,127,655)      | (49,427,064)      | (299,409)            |
| <b>Other financing sources (uses)</b>                    |                         |                   |                   |                      |
| Transfers out  | (166,914)               | (166,914)         | (224,434)         | (57,520)             |
| Transfers in   | 49,294,569              | 49,294,569        | 49,651,498        | 356,929              |
| <b>Net change in fund balance</b>                        | -                       | -                 | -                 | -                    |
| <b>Fund balance - beginning of year</b>                  | -                       | -                 | -                 | -                    |
| <b>Fund balance - end of year</b>                        | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>          |

**MADISON METROPOLITAN SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2015**

|  | <b>Special<br/>Revenue<br/>Trust<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Food<br/>Service<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Community<br/>Service<br/>Fund</b> | <b>Package<br/>Co-op<br/>Fund</b> | <b>Total</b>               |
|--|---|----------------------------------|----------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|----------------------------|
| <b>Assets</b>                                  |   |                                  |                                  |                                      |                                       |                                   |                            |
| Cash and investments                           | \$ -  | \$ 1,831,777                     | \$ -                             | \$ 977,896                           | \$ 91,433                             | \$ -                              | \$ 2,901,106               |
| Receivables                                    | 197,365                                       | 1,784                            | 410,821                          | -                                    | 69                                    | -                                 | 610,039                    |
| Due from other funds                           | 1,064,774                                     | 614                              | -                                | 381,471                              | 408,255                               | 63,961                            | 1,919,075                  |
| Inventory                                      | -   | -                                | 202,438                          | -                                    | -                                     | -                                 | 202,438                    |
| <b>Total assets</b>                            | <b><u>\$ 1,262,139</u></b>                    | <b><u>\$ 1,834,175</u></b>       | <b><u>\$ 613,259</u></b>         | <b><u>\$ 1,359,367</u></b>           | <b><u>\$ 499,757</u></b>              | <b><u>\$ 63,961</u></b>           | <b><u>\$ 5,632,658</u></b> |
| <b>Liabilities and fund balances</b>           |   |                                  |                                  |                                      |                                       |                                   |                            |
| <b>Liabilities</b>                             |   |                                  |                                  |                                      |                                       |                                   |                            |
| Accounts payable                               | \$ 94,720                                     | \$ -                             | \$ 171,171                       | \$ 707,152                           | \$ 212,837                            | \$ 63,961                         | \$ 1,249,841               |
| Unearned revenues                              | -   | -                                | 199,285                          | -                                    | 4,839                                 | -                                 | 204,124                    |
| Due to other funds                             | -   | -                                | 55,423                           | -                                    | -                                     | -                                 | 55,423                     |
| <b>Total liabilities</b>                       | <b><u>94,720</u></b>                          | <b><u>-</u></b>                  | <b><u>425,879</u></b>            | <b><u>707,152</u></b>                | <b><u>217,676</u></b>                 | <b><u>63,961</u></b>              | <b><u>1,509,388</u></b>    |
| <b>Fund balances</b>                           |   |                                  |                                  |                                      |                                       |                                   |                            |
| Nonspendable                                   | -   | -                                | 202,438                          | -                                    | -                                     | -                                 | 202,438                    |
| Restricted                                     | 1,167,419                                     | 1,834,175                        | -                                | 652,215                              | -                                     | -                                 | 3,653,809                  |
| Assigned                                       | -   | -                                | -                                | -                                    | 282,081                               | -                                 | 282,081                    |
| Unassigned                                     | -   | -                                | (15,058)                         | -                                    | -                                     | -                                 | (15,058)                   |
| <b>Total fund balances</b>                     | <b><u>1,167,419</u></b>                       | <b><u>1,834,175</u></b>          | <b><u>187,380</u></b>            | <b><u>652,215</u></b>                | <b><u>282,081</u></b>                 | <b><u>-</u></b>                   | <b><u>4,123,270</u></b>    |
| <b>Total liabilities and fund<br/>balances</b> | <b><u>\$ 1,262,139</u></b>                    | <b><u>\$ 1,834,175</u></b>       | <b><u>\$ 613,259</u></b>         | <b><u>\$ 1,359,367</u></b>           | <b><u>\$ 499,757</u></b>              | <b><u>\$ 63,961</u></b>           | <b><u>\$ 5,632,658</u></b> |

**MADISON METROPOLITAN SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

|  | <b>Special<br/>Revenue<br/>Trust<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Food<br/>Service<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Community<br/>Service<br/>Fund</b> | <b>Total</b>        |
|--|---|----------------------------------|----------------------------------|--------------------------------------|---------------------------------------|---------------------|
| <b>Revenues</b>  |   |                                  |                                  |                                      |                                       |                     |
| Property taxes   | \$ -  | \$ 7,121,030                     | \$ -                             | \$ 4,500,000                         | \$ 11,654,696                         | \$ 23,275,726       |
| Other local sources  | 2,324,457                                     | 2,064                            | 2,188,428                        | 13,052                               | 3,699,236                             | 8,227,237           |
| State sources  | -   | -                                | 176,442                          | -                                    | -                                     | 176,442             |
| Federal sources  | -   | -                                | 8,366,010                        | -                                    | 1,185,681                             | 9,551,691           |
| Other sources  | -   | 145,261                          | -                                | -                                    | 3,516                                 | 148,777             |
| <b>Total revenues</b>  | <u>2,324,457</u>                              | <u>7,268,355</u>                 | <u>10,730,880</u>                | <u>4,513,052</u>                     | <u>16,543,129</u>                     | <u>41,379,873</u>   |
| <b>Expenditures</b>  |   |                                  |                                  |                                      |                                       |                     |
| Instruction  |   |                                  |                                  |                                      |                                       |                     |
| Regular instruction  | 897,704                                       | -                                | -                                | -                                    | -                                     | 897,704             |
| Vocational instruction                                       | 7,838   | -                                | -                                | -                                    | -                                     | 7,838               |
| Other instruction  | 110,926                                       | -                                | -                                | -                                    | -                                     | 110,926             |
| Total instruction  | <u>1,016,468</u>                              | <u>-</u>                         | <u>-</u>                         | <u>-</u>                             | <u>-</u>                              | <u>1,016,468</u>    |
| Pupil services   | 143,128                                       | -                                | -                                | -                                    | -                                     | 143,128             |
| Instructional staff services                                 | 702,960                                       | -                                | -                                | -                                    | -                                     | 702,960             |
| General administration services                              | 15,968  | -                                | -                                | -                                    | 119,500                               | 135,468             |
| Building administration services                             | 120,641                                       | -                                | 10,543,500                       | 6,608,096                            | 1,231,931                             | 18,504,168          |
| Transportation   | 92,139  | -                                | -                                | -                                    | 1,011                                 | 93,150              |
| Community services   | -   | -                                | -                                | -                                    | 14,400,083                            | 14,400,083          |
| Other support services                                       | 35  | -                                | -                                | -                                    | 621,862                               | 621,897             |
| Principal and interest                                       | -   | 7,593,650                        | -                                | -                                    | -                                     | 7,593,650           |
| Total support services                                       | <u>1,074,871</u>                              | <u>7,593,650</u>                 | <u>10,543,500</u>                | <u>6,608,096</u>                     | <u>16,374,387</u>                     | <u>42,194,504</u>   |
| <b>Total expenditures</b>                                    | <u>2,091,339</u>                              | <u>7,593,650</u>                 | <u>10,543,500</u>                | <u>6,608,096</u>                     | <u>16,374,387</u>                     | <u>43,210,972</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | 233,118                                       | (325,295)                        | 187,380                          | (2,095,044)                          | 168,742                               | (1,831,099)         |
| <b>Other financing sources (uses)</b>                        |   |                                  |                                  |                                      |                                       |                     |
| Proceeds from issuance of debt                               | -   | -                                | -                                | 420,000                              | -                                     | 420,000             |
| Transfer in  | 34,413  | 614                              | -                                | -                                    | -                                     | 35,027              |
| Transfer out   | (6,200)                                       | -                                | -                                | -                                    | (64,273)                              | (70,473)            |
| <b>Net change in fund balances</b>                           | 261,331                                       | (324,681)                        | 187,380                          | (1,675,044)                          | 104,469                               | (1,446,545)         |
| <b>Fund balances - beginning of year</b>                     | <u>906,088</u>                                | <u>2,158,856</u>                 | <u>-</u>                         | <u>2,327,259</u>                     | <u>177,612</u>                        | <u>5,569,815</u>    |
| <b>Fund balances - end of year</b>                           | <u>\$ 1,167,419</u>                           | <u>\$ 1,834,175</u>              | <u>\$ 187,380</u>                | <u>\$ 652,215</u>                    | <u>\$ 282,081</u>                     | <u>\$ 4,123,270</u> |