



BUSINESS SERVICES DEPARTMENT

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Erik J. Kass, Assistant Superintendent for Business Services

Daniel A. Nerad, Superintendent of Schools

To: Members of the Board of Education
From: Daniel A. Nerad, Superintendent
Date: February 25, 2010
Subject: Executive Summary – Five Year Financial Forecast

Background:

In November of 2008 the district was given voter approval for a three year operating referendum: \$5 million in 2009-2010, \$4 million in 2010-2011, and \$4 million in 2011-2012. The approved operating referendum has a shared cost plan between property tax payers and the district.

During the fall adoption of the 2009-2010 budget the Board of Education worked to reduce the impact for property tax payers by eliminating costs, implementing new revenues, and utilizing fund balance (see Appendix A). The Wisconsin State 2009-2011 budget impacted the district funding significantly in the fall of 2009-2010 and will again have an impact on the 2010-2011 projections.

The district and PMA Financial Network, Inc, have worked to prepare a five year financial forecast beginning with the 2010-2011 budget year, which is attached in pgs 1-2.

2010-2011 Projection Assumptions:

The following items are included in the Budget Projection:

1. The budget holds resources in place and maintains programs and services.
2. October enrollment projections
3. Salary and Benefits – Teacher salary projections are based on their current settlement, and all other units are at a projected increase consistent with recent contract settlements.
4. Supplies & Materials – A 1% (~\$275,000) projection was applied to supply and material budgets each year
5. Revenues – The district utilized revenue limit and equalization aid calculations based on the 2009-2011 State Budget. All other revenues remained constant.
6. Grants – Only Entitlement Grants are included in the forecasted budget. Example ARRA funds are not included as they are not sustainable funds.
7. Debt – The forecast includes a projection for the WRS refinancing as of January 26th. Attached on pgs 3-4 is a current Debt Schedule for the District which includes the currently restructured debt and the estimated WRS refinanced debt.
8. The 4-k program revenues, expenditures and enrollment have been added to the projections beginning in 2011-2012.

Budget Impact:

The financial forecast projects 2010-11 to have a budget deficit of \$1,189,738. The projected deficits for the subsequent years include the implementation of 4-k, and full use of levy authority in those subsequent years. The projected deficits for those years are:

- 2011-12 \$6,123,694
- 2012-13 \$3,744,858
- 2013-14 \$3,381,574
- 2014-15 \$6,313,810

The projected levy and tax impact schedule, assuming a 0% property value increase, are attached on pg 5 of the handouts.

Fall Budget 2009-10

Tax Levy

> General Fund	\$ 219,888,066
> Levy Chargeback	316,208
> Non-Referendum Debt Service	65,250
> Referendum Approved Debt Service	7,175,794
> Capital Expansion Fund	3,444,765
> Maintenance Referendum	5,491,000
> Community Services	9,622,979
Total Tax Levy	\$ 246,004,062
Computer Aid	2,237,193.00
Total Revenue Limit	\$ 248,241,255

Tax Levy = \$248,241,255
Increase of \$19,673,777 from 2008-09

Mill Rate = 10.69
Increase of \$0.88 from 2008-09

BOE Levy Amendments

Budget Options	Reduction Amount	Rate Decrease	Tax Bill Decrease
1. Re-Structure and Re-Finance District Debt	\$ 6,686,872	(\$0.2886)	(\$72.15)
2. Eliminate the transfer from Fund 80 Fund 80 to Fund 10 transfer totals \$513,880	\$ 513,880	(\$0.0221)	(\$5.53)
3. Eliminate the BOE contingency in Fund 80 Fund 80 BOE contingency totaling \$300,000	\$ 300,000	(\$0.0129)	(\$3.23)
4. Eliminate the remaining levy in Fund 39 Fund 39 levy totaling \$488,922	\$ 488,922	(\$0.0211)	(\$5.26)
5. Defer taxing for the Walgreen's Settlement until the 2010-11 fiscal year which will decrease the levy by \$230,263	\$ 230,263	(\$0.0099)	(\$2.48)
6. Defer or forego Maintenance Referendum Maintenance referendum levy authority of \$3,080,000 which would cover projects to be completed during the 2009-10 school year	\$ 3,080,000	(\$0.1327)	(\$33.16)

7.	Reduce the property tax levy in Fund 80 by \$510,616	\$ 510,616	(\$0.0200)	(\$5.00)
Total		\$ 11,810,553	(\$0.5073)	(\$126.82)

2009-10 Revised (Amended) Fall Budget

Tax Levy

Fund 10	General Fund	218,955,521
	Levy Chargeback	85,945
	Revenue Limit Override	-
Fund 38	Non-Referendum Debt Service	65,250
Fund 39	Referendum Approved Debt Service	-
Fund 41	Capital Expansion Fund	3,444,765
	Maintenance Referendum	3,391,000
Fund 80	Community Services Fund	8,298,483
	Total Tax Levy	234,240,964
	Computer Aid	2,189,738
	Total Revenue Limit	236,430,702



Madison Metropolitan School District

General Fund - Projection Summary with 4K

	BUDGET		PROJECTIONS									
	2010		FY-2011	% Change	FY-2012	% Change	FY-2013	% Change	FY-2014	% Change	FY-2015	% Change
REVENUE												
Local Sources	\$225,878,615		\$245,915,886	8.9%	\$267,504,426	8.8%	\$284,709,724	6.4%	\$297,618,928	4.53%	\$307,199,231	3.2%
State Sources	\$63,283,257		\$55,737,074	-11.9%	\$49,317,651	-11.5%	\$44,009,754	-10.8%	\$44,161,337	0.3%	\$45,578,875	3.2%
Federal Sources	\$12,624,904		\$10,429,697	-17.4%	\$10,504,697	0.7%	\$10,507,697	0.0%	\$10,429,697	-0.7%	\$10,429,697	0.0%
Other	\$1,566,491		\$1,418,064	-9.5%	\$1,444,422	1.9%	\$1,471,632	1.9%	\$1,499,722	1.9%	\$1,528,719	1.9%
TOTAL REVENUE	\$303,370,748		\$313,500,721	3.3%	\$328,771,196	4.9%	\$340,698,807	3.6%	\$353,709,684	3.8%	\$364,736,521	3.1%
EXPENDITURES												
Salary and Benefits	\$213,876,985		\$224,867,589	5.1%	\$238,345,391	6.0%	\$249,343,455	4.6%	\$260,745,168	4.6%	\$272,815,992	4.6%
Other Objects	\$92,117,823		\$89,822,870	-2.5%	\$97,739,238	8.8%	\$102,413,643	4.8%	\$107,404,382	4.9%	\$112,674,204	4.9%
TOTAL EXPENDITURES	\$305,994,808		\$314,690,459	2.8%	\$336,084,628	6.8%	\$351,757,098	4.7%	\$368,149,549	4.7%	\$385,490,196	4.7%
EXCESS (DEFICIT)												
REVENUE OVER EXP.	(\$2,624,060)		(\$1,189,738)		(\$7,313,432)		(\$11,058,291)		(\$14,439,865)		(\$20,753,675)	
Excess (Deficit) Over Previous Fiscal Year			\$1,434,322		(\$6,123,694)		(\$3,744,858)		(\$3,381,574)		(\$6,313,810)	
BEGINNING FUND BALANCE	\$35,338,811		\$32,714,751	-7.4%	\$31,525,013	-3.6%	\$24,211,581	-23.2%	\$13,153,290	-45.7%	(\$1,286,575)	-110%
ENDING FUND BALANCE	\$32,714,751		\$31,525,013	-3.6%	\$24,211,581	-23.2%	\$13,153,290	-45.7%	(\$1,286,575)	-110%	(\$22,040,250)	1613%
FUND BALANCE AS % OF EXPENDITURES	10.69%		10.02%		7.20%		3.74%		-0.35%		-5.72%	
FUND BALANCE AS A # OF MONTHS OF EXPENDITURES	1.28		1.20		0.86		0.45		(0.04)		(0.69)	



Madison Metropolitan School District

4K Analysis

	FY - 2012	FY - 2013	FY - 2014	FY - 2015
Enrollment	1,573	1,733	1,820	1,941
Membership (.6 FTE)	944	1,040	1,092	1,165
Attend MMSD Facilities	1,022	1,126	1,183	1,262
Attend Daycare	551	607	637	679
REVENUE GENERATORS				
Revenue Limit Increase	\$3,738,927	\$8,052,804	\$12,750,433	\$13,900,953
Title 1 Grants	\$75,000	\$78,000	\$0	\$0
EC & Bilingual/Bicultural Categorical Aide		\$141,137	\$145,011	\$148,473
Cost Reductions	\$4,392,339.13	\$4,554,307.13	\$4,722,753.86	\$4,897,938.45
Total Revenue	\$8,206,266.28	\$12,826,248.21	\$17,618,197.40	\$18,947,364.68
PROGRAM COSTS				
Staffing	\$7,978,892.89	\$8,567,639.49	\$9,122,676.84	\$9,779,173.48
Substitutes	\$92,545.20	\$101,182.75	\$108,573.84	\$117,932.25
4K Administrator	\$141,044.80	\$146,686.59	\$152,554.06	\$158,656.22
Supplies	\$310,998.79	\$312,779.30	\$324,386.57	\$341,062.52
Partner Costs	\$1,802,139	\$2,052,258	\$2,223,628	\$2,447,633
Transportation Costs	\$1,416,567	\$1,473,229	\$1,532,158	\$1,593,445
Capital Improvements & Equipment	\$385,428	\$217,781	\$164,225	\$117,781
Professional Development	\$75,000	\$78,000	\$81,120	\$84,365
Food Service	\$33,000	\$33,450	\$33,914	\$34,391
Total Program Costs	\$12,235,615.28	\$12,983,006.54	\$13,743,237.06	\$14,674,439.13
Program Excess / (Deficit)	(\$4,029,349.00)	(\$156,758.33)	\$3,874,960.34	\$4,272,925.55
Revenue Limit				
Without 4K	\$303,094,862	\$310,592,425	\$319,042,829	\$328,959,579
With 4K	\$306,833,789	\$318,645,229	\$331,793,262	\$342,860,532
Difference	\$3,738,927	\$8,052,804	\$12,750,433	\$13,900,953
Equalization Aid				
Without 4K	\$37,156,321	\$31,545,164	\$26,778,371	\$22,729,098
With 4K	\$37,156,321	\$31,545,164	\$31,564,921	\$32,882,175
Difference	\$0	\$0	\$4,786,550	\$10,153,077
Levy				
Without 4K	\$281,481,434	\$294,395,644	\$308,011,202	\$322,387,810
With 4K	\$285,185,730	\$302,373,866	\$315,901,326	\$326,100,974
Difference	\$3,704,296	\$7,978,221	\$7,890,124	\$3,713,164
Mill Rate				
Without 4K	\$12.24	\$12.80	\$13.39	\$14.01
With 4K	\$12.40	\$13.14	\$13.73	\$14.18
Difference	\$0.16	\$0.34	\$0.34	\$0.17

**Madison Metropolitan School District
All Debt Summary by Year**

Funds 10 & 38 (non-ref)	QZAB - Hawthorne Fund 38 Issued 5/02 Orig Principal \$350,000		QZAB - Lincoln Fund 38 Issued 12/04 Orig Principal \$250,000		WRS Refinance Fund 38 Issued 3/10 (est) Orig Principal \$28,590,000		Teach Fund 10 Issued 12/01 Orig Principal \$3,658,778		Finance/HR Fund 10 Issued 12/03 Orig Principal \$4,000,000		Honeywell Ref Fund 10 Issued 12/04 Orig Principal \$3,724,927		Gym Lights/Phone Fund 10 Issued 10/07 Orig Principal \$961,922		Total Funds 10 and 38		
	Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	35,000.00	5,250.00	25,000.00				271,730.70	29,280.68	413,424.78	65,083.70	377,482.35	77,686.67	134,728.86	30,870.64	1,257,366.69	228,171.69	1,485,538.38
2011	35,000.00	5,250.00	25,000.00			1,399,153.00	285,996.57	15,014.82	430,042.81	68,465.67	392,655.63	62,513.39	139,935.84	25,663.66	1,308,630.85	1,576,060.54	2,884,691.39
2012	35,000.00	5,250.00	25,000.00			1,499,092.50			447,328.81	51,179.67	408,438.83	46,730.19	145,344.05	20,255.45	1,061,111.69	1,622,507.81	2,683,619.50
2013			25,000.00			1,499,092.50			465,309.64	33,198.84	424,856.43	30,312.59	150,961.28	14,638.22	1,066,127.35	1,577,242.15	2,643,369.50
2014			25,000.00			1,499,092.50			484,013.30	9,631.86	441,933.97	13,235.05	166,795.60	8,803.90	1,107,742.87	1,530,763.31	2,638,506.18
2015			25,000.00		540,000.00	1,499,092.50							112,010.05	3,226.07	677,010.05	1,502,318.57	2,179,328.62
2016					1,470,000.00	1,480,192.50									1,470,000.00	1,480,192.50	2,950,192.50
2017					1,590,000.00	1,419,922.50									1,590,000.00	1,419,922.50	3,009,922.50
2018					1,725,000.00	1,352,347.50									1,725,000.00	1,352,347.50	3,077,347.50
2019					1,870,000.00	1,272,135.00									1,870,000.00	1,272,135.00	3,142,135.00
2020					2,030,000.00	1,181,440.00									2,030,000.00	1,181,440.00	3,211,440.00
2021					2,200,000.00	1,079,940.00									2,200,000.00	1,079,940.00	3,279,940.00
2022					2,380,000.00	966,640.00									2,380,000.00	966,640.00	3,346,640.00
2023					2,580,000.00	841,690.00									2,580,000.00	841,690.00	3,421,690.00
2024					2,795,000.00	702,370.00									2,795,000.00	702,370.00	3,497,370.00
2025					3,030,000.00	545,850.00									3,030,000.00	545,850.00	3,575,850.00
2026					3,280,000.00	373,140.00									3,280,000.00	373,140.00	3,653,140.00
2027					3,100,000.00	182,900.00									3,100,000.00	182,900.00	3,282,900.00
	105,000.00	15,750.00	150,000.00	0.00	28,590,000.00	18,794,090.50	557,727.27	44,295.50	2,240,119.34	247,559.74	2,045,367.21	230,477.89	839,775.68	103,457.94	34,527,989.50	19,435,631.57	53,963,621.07

Fund 30 Referendum	Refinancing - Fund 30 Issued 10/09 Orig Principal \$17,490,000		Olson Elem/Maint - Fund 30 Issued 03/07 Orig Principal \$30,365,000		Chavez Elem - Fund 30 Issued 04/00 Orig Principal \$11,000,000		Maintenance Pkts- Fund 30 Issued 06/07 Orig Principal \$6,475,000		Maintenance Pkts- Fund 30 Issued 1993/1995		Total Fund 30					
	Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total		
2010			229,982.00	2,655,000.00	987,350.00		313,488.00		76,125.00		144,306.00			2,655,000.00	1,751,251.00	4,406,251.00
2011	1,410,000.00	646,825.00	3,425,000.00	867,650.00	475,000.00	64,988.00	325,000.00	17,062.00						5,635,000.00	1,596,525.00	7,231,525.00
2012	1,745,000.00	576,325.00	1,225,000.00	730,650.00	550,000.00	35,062.00								3,520,000.00	1,342,037.00	4,862,037.00
2013	2,110,000.00	489,075.00	960,000.00	681,650.00										3,070,000.00	1,170,725.00	4,240,725.00
2014	2,155,000.00	446,875.00	1,000,000.00	643,250.00										3,155,000.00	1,090,125.00	4,245,125.00
2015	2,205,000.00	403,775.00	1,040,000.00	603,250.00										3,245,000.00	1,007,025.00	4,252,025.00
2016	1,445,000.00	348,650.00	1,085,000.00	561,650.00										2,530,000.00	910,300.00	3,440,300.00
2017	1,495,000.00	305,300.00	1,135,000.00	518,250.00										2,630,000.00	823,550.00	3,453,550.00
2018	1,570,000.00	230,550.00	1,180,000.00	472,850.00										2,750,000.00	703,400.00	3,453,400.00
2019	1,640,000.00	167,750.00	1,235,000.00	419,750.00										2,875,000.00	587,500.00	3,462,500.00
2020	1,715,000.00	85,750.00	1,290,000.00	370,350.00										3,005,000.00	496,100.00	3,481,100.00
2021			1,345,000.00	318,750.00										1,345,000.00	318,750.00	1,663,750.00
2022			1,400,000.00	264,950.00										1,400,000.00	264,950.00	1,664,950.00
2023			1,205,000.00	208,950.00										1,205,000.00	208,950.00	1,413,950.00
2024			1,255,000.00	160,750.00										1,255,000.00	160,750.00	1,415,750.00
2025			1,310,000.00	110,550.00										1,310,000.00	110,550.00	1,420,550.00
2026			1,370,000.00	56,513.00										1,370,000.00	56,513.00	1,426,513.00
	17,490,000.00	3,930,857.00	24,115,000.00	7,977,113.00	1,025,000.00	413,538.00	325,000.00	93,187.00	0.00	144,306.00				42,955,000.00	12,559,001.00	55,514,001.00

**Madison Metropolitan School District
All Debt Summary by Year**

Fiscal Year	Total All Funds		Fund 30 Referendum		Total All Funds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2010	1,257,366.69	228,171.69	2,655,000.00	1,751,251.00	3,912,366.69	1,979,422.69	5,891,789.38
2011	1,308,630.85	1,576,060.54	5,635,000.00	1,596,525.00	6,943,630.85	3,172,585.54	10,116,216.39
2012	1,061,111.69	1,622,507.81	3,520,000.00	1,342,037.00	4,581,111.69	2,964,544.81	7,545,656.50
2013	1,066,127.35	1,577,242.15	3,070,000.00	1,170,725.00	4,136,127.35	2,747,967.15	6,884,094.50
2014	1,107,742.87	1,530,763.31	3,155,000.00	1,090,125.00	4,262,742.87	2,620,888.31	6,883,631.18
2015	677,010.05	1,502,318.57	3,245,000.00	1,007,025.00	3,922,010.05	2,509,343.57	6,431,353.62
2016	1,470,000.00	1,480,192.50	2,530,000.00	910,300.00	4,000,000.00	2,390,492.50	6,390,492.50
2017	1,590,000.00	1,419,922.50	2,630,000.00	823,550.00	4,220,000.00	2,243,472.50	6,463,472.50
2018	1,725,000.00	1,352,347.50	2,750,000.00	703,400.00	4,475,000.00	2,055,747.50	6,530,747.50
2019	1,870,000.00	1,272,135.00	2,875,000.00	587,500.00	4,745,000.00	1,859,635.00	6,604,635.00
2020	2,030,000.00	1,181,440.00	3,005,000.00	456,100.00	5,035,000.00	1,637,540.00	6,672,540.00
2021	2,200,000.00	1,079,940.00	1,345,000.00	318,750.00	3,545,000.00	1,398,690.00	4,943,690.00
2022	2,380,000.00	966,640.00	1,400,000.00	264,950.00	3,780,000.00	1,231,590.00	5,011,590.00
2023	2,580,000.00	841,690.00	1,205,000.00	208,950.00	3,785,000.00	1,050,640.00	4,835,640.00
2024	2,795,000.00	702,370.00	1,255,000.00	160,750.00	4,050,000.00	863,120.00	4,913,120.00
2025	3,030,000.00	545,850.00	1,310,000.00	110,550.00	4,340,000.00	656,400.00	4,996,400.00
2026	3,280,000.00	373,140.00	1,370,000.00	56,513.00	4,650,000.00	429,653.00	5,079,653.00
2027	3,100,000.00	182,900.00	0.00	0.00	3,100,000.00	182,900.00	3,282,900.00
	34,527,989.50	19,435,631.57	42,955,000.00	12,559,001.00	77,482,989.50	31,994,632.57	109,477,622.07

CS 2/23/10
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Tax Impact Projections
Includes 4-K
Proposed Property Tax Levy for 2010-15

FUND	Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE	LEVY	RATE
General Fund:												
• Operational	221,145,259	9.61	238,604,348	10.37	259,164,767	11.27	272,219,871	11.83	285,305,408	12.40	299,120,363	13.00
4-K					3,704,296	0.16	7,978,221	0.34	7,890,124	0.34	3,713,164	0.17
LESS:												
• Computer Exemption	(2,189,738)	(0.10)	(2,480,233)	(0.11)	(2,665,983)	(0.12)	(2,826,661)	(0.12)	(2,953,119)	(0.13)	(3,048,467)	(0.13)
General Fund Levy	218,955,521	9.52	236,124,115	10.26	260,203,080	11.31	277,371,431	12.05	290,242,413	12.61	299,785,060	13.04
• Prior Year Taxes	85,945	0.00	468,868	0.02	468,868	0.02	468,868	0.02	468,868	0.02	468,868	0.02
Net General Fund Levy	219,041,466	9.52	236,592,983	10.29	260,671,948	11.33	277,840,299	12.07	290,711,281	12.63	300,253,928	13.06
Debt Service Fund:												
• Bonded indebtedness	0	0.00	7,104,281	0.31	4,776,381	0.21	4,200,425	0.18	4,203,575	0.18	4,203,663	0.18
• Non-referendum Debt (38)	65,250	0.00	2,707,653	0.12	2,758,753	0.12	2,776,215	0.12	2,828,159	0.12	2,858,265	0.12
Net Debt Service Fund Levy	65,250	0.00	9,811,934	0.43	7,535,134	0.33	6,976,640	0.30	7,031,734	0.31	7,061,928	0.31
Capital Projects Fund:												
• Capital Expansion Fund (41)	6,835,765	0.30	3,976,831	0.17	4,049,652	0.18	4,125,758	0.18	4,204,650	0.18	4,286,565	0.19
Net Capital Projects Fund	6,835,765	0.30	3,976,831	0.17	4,049,652	0.18	4,125,758	0.18	4,204,650	0.18	4,286,565	0.19
Community Services Fund:												
• Community Services	8,298,483	0.36	12,453,849	0.54	12,928,996	0.56	13,431,168	0.58	13,953,661	0.61	14,498,553	0.63
Net Community Services	8,298,483	0.36	12,453,849	0.54	12,928,996	0.56	13,431,168	0.58	13,953,661	0.61	14,498,553	0.63
TOTAL TAX LEVY AND RATE	234,240,964	10.18	262,835,597	11.43	285,185,730	12.40	302,373,866	13.14	315,901,326	13.73	326,100,974	14.18

Property Tax Analysis	Adopted 2009-10	Projected 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15
Levy % Increase	3.50%	12.21%	21.75%	29.09%	34.86%	24.07%
Rate % Increase	3.85%	12.21%	21.75%	29.09%	34.86%	24.07%

Property Tax Bill Impact	Adopted 2009-10		Projected 2010-11		Projected 2011-12		Projected 2012-13		Projected 2013-14		Projected 2014-15	
	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill	Value	Bill
Home	250,000.00	2,545.00	250,000.00	2,857.50	250,000.00	3,100.00	250,000.00	3,285.00	250,000.00	3,432.50	250,000.00	3,545.00
Difference in Bill 4-K						\$40.00		\$85.00		\$85.00		\$42.50
Difference in Bill non 4-K		\$92.50		\$312.50		\$202.50		\$100.00		\$62.50		\$70.00
Total Difference in Bill		\$92.50		\$312.50		\$242.50		\$185.00		\$147.50		\$112.50