

**MADISON METROPOLITAN
SCHOOL DISTRICT
Madison, Wisconsin**

**FINANCIAL STATEMENTS
June 30, 2020**

MADISON METROPOLITAN SCHOOL DISTRICT
Madison, Wisconsin

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
District-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to Statement of Activities	17
Statement of Fiduciary Net Position - Fiduciary Funds	18
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	19
Notes to Financial Statements.....	20
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule for the General Fund - Budget and Actual - Budgetary Basis	54
Schedule of Proportionate Share of Net Pension (Asset) Liability and Schedule of Contributions – Wisconsin Retirement System	55
Schedule of Supplemental Net Pension Liability and Schedule of Changes in Supplemental Net Pension Liability	56
Schedule of Employee OPEB Contributions and Schedule of Changes in Net OPEB Liability and Related Ratios – Retiree Life	57
Schedule of Total OPEB Liability and Schedule of Changes in Total OPEB Liability And Related Ratios – Retiree Health.....	58
Notes to Required Supplementary Information	59
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - General Fund.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund.....	63
Budgetary Comparison Schedule for the General Fund - Budget and Actual - Budgetary Basis	64
Budgetary Comparison Schedule for the Special Education Fund - Budget and Actual - Budgetary Basis	65
Combining Balance Sheet - Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	67
Supporting Schedule Charter School Authorizing Costs.....	68

INDEPENDENT AUDITOR'S REPORT

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 the Madison Metropolitan School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Madison Metropolitan School 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, 2020, and the respective changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability (asset) and schedule of contributions – Wisconsin Retirement System, schedule of supplemental net pension liability and schedule of changes in supplemental net pension liability, schedule of employee OPEB contributions and schedule of changes in the net OPEB liability and related ratios – retiree life, schedule of total OPEB liability and schedule of changes in total OPEB liability and related ratios – retiree health, and notes to required supplementary information, as presented in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

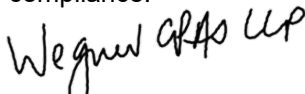
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison Metropolitan School District's basic financial statements. The combining general fund financial statements, the combining nonmajor fund financial statements, are presented for 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.

The budgetary comparison schedule for the general fund and special education fund and charter school schedule of operating costs has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 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 the effectiveness of Madison Metropolitan School District's 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
Madison, Wisconsin
November 11, 2020

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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

- Traditionally, the District's three year rolling average resident count is stable. The District's enrollment projections at the District level are annually within a 1% margin of error making enrollment predictable. However, due to COVID 19, this enrollment may see a few years of instability.
- Open Enrollment in the District has also stabilized and become much more predictable. On average, the District's open enrollment trends are starting to shift such that the rate of open enrollment out is slowing and the rate of open enrollment in is increasing, causing the margins of net open enrollment out to be smaller than at any point in the District's history of open enrollment. However, due to COVID 19, MMSD anticipates experiencing more instability for future years.
- The District made a substantial investment in strategic equity projects in line with the District's Strategic Framework and academic achievement goals. Examples of these investments include, but are not limited to:
 - Adding additional seats in the successful Early College STEM Academy at Madison College for 11th and 12th grade students, aimed at increasing opportunities for female students and students of color.
 - Expansion of the district's successful pilot MicroSchool strategy for our At-Risk Youth.
 - Expansion of the district's student mental health programming at Elementary, Middle and High School.
 - Salary increases in line with the cost of living adjustments.
 - Continued implementation of the District's Technology Plan Ignite!
- The District's operating fund's equity (General, Food Service, Capital Expansion, and Community Service) increased by \$7,262,663.
- As demonstrated in Note 8 the District maintains a margin of available indebtedness and has available \$2.916 billion of its bonding authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-wide financial statements

- The district-wide financial statements are the *statement of net position* and *statement of activities*. These statements present an aggregate view of the District's finances in a manner similar to private sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*. The District does not report any 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 position*. Over time, increases or decreases

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

- The *statement of activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.

Fund financial statements

- The District also produced *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.
- There are two governmental fund financial statements, the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance*. Generally, governmental fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of governmental fund financial statements is narrower than that of the district-wide statements, it is useful to make comparison between the information presented. By doing so, readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided 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 organizations, a trust fund for retiree life insurance benefits, and a trust fund for 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 the non-major funds. The general fund consists of the general operating fund and the special education fund. The non-major funds include the special revenue trust, debt service, capital project, food service, and community service funds. Data for the special revenue trust, debt service, capital project, food service, 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 14 to 16 of this report.
- The District serves as a trustee, or *fiduciary*, for student organizations, the scholarship trust fund, and the retiree life insurance 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 18 to 19.
- 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 page 54 of this report.

**MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

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 20 to 52 of this report.

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

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net assets, and Statement of activities.	Balance sheet, and Statement of revenues, expenditures, and changes in fund balance.	Statement of fiduciary net assets, and Statement of changes in fiduciary net assets.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that 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, 2020

FINANCIAL ANALYSIS

The District as a Whole

Net position. Table 1, below, provides a summary of the District's net position for the years ended June 30, 2020 and 2019.

Table 1
Condensed Statements of Net Position

	Governmental Activities		
	2020	2019	% Change
Assets			
Current and other assets	\$ 229,810,743	\$ 180,902,249	27.04%
Capital assets	178,621,785	174,438,075	2.40%
Total assets	408,432,528	355,340,324	14.94%
Deferred Outflows of Resources	223,146,039	222,118,324	0.46%
Liabilities			
Long-term liabilities	215,872,610	250,772,371	-13.92%
Other liabilities	102,054,221	107,930,675	-5.44%
Total liabilities	317,926,831	358,703,046	-11.37%
Deferred Inflows of Resources	255,332,030	163,829,335	55.85%
Net Position			
Net investment in capital assets	119,148,575	104,137,158	14.42%
Restricted	23,587,878	12,220,353	93.02%
Unrestricted	(84,416,747)	(61,431,244)	37.42%
Total Net Position	\$ 58,319,706	\$ 54,926,267	6.18%

The increase in current and other assets and the decrease in long term liabilities is the result of changes in the value of the WRS net pension. For the year ended June 30, 2019, the WRS reported a net pension liability. The District's share of the net pension liability was \$52,764,836. For the year ended June 30, 2020 the WRS reported a net pension asset. The District's share of the net pension asset was \$47,452,918. The increase in deferred inflows of resources is the result of the net difference between projected and actual earnings on pension plan investments related to WRS.

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.

Change in net position. Table 2 shows the changes in net position for the fiscal years 2020 and 2019.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Table 2
Changes in Net Position from Operating Results

REVENUES	Governmental Activities		
	2020	2019	% Change
Program revenues			
Charges for services	\$ 12,328,461	\$ 14,888,998	-17.20%
Operating grants & contributions	64,006,254	66,561,799	-3.84%
General revenues			
Property taxes	330,192,081	312,560,353	5.64%
General aid	60,004,839	64,638,265	-7.17%
Other	1,767,733	2,671,160	-33.82%
Total revenues	468,299,368	461,320,575	1.51%
EXPENSES			
Instruction	230,355,829	229,533,065	0.36%
Pupil and instructional services	60,491,982	58,235,403	3.87%
General administration services	25,584,151	25,072,378	2.04%
Building administration services	45,257,145	38,624,675	17.17%
Pupil transportation services	12,160,996	13,114,829	-7.27%
Child nutrition	9,982,351	10,452,751	-4.50%
Other support services	47,602,487	39,661,571	20.02%
Community service	13,155,145	13,891,251	-5.30%
Interest on debt	2,701,207	3,175,182	-14.93%
Other	17,614,636	21,089,199	-16.48%
Total expenses	464,905,929	452,850,304	0.47%
Change in Net Position	\$ 3,393,439	\$ 8,470,271	

The increase in other support services is the result an increase of \$10,750,745 in accrued compensated absences for the year ended June 30, 2020. The increase in building administrative services is due to depreciation expense on the District's buildings of \$6,527,605. For the year ended June 30, 2019 \$5,730,703 of unallocated depreciation expense was reported as other.

Net cost of governmental activities. Table 3 reports the net cost of District activities, total cost less fees generated by the activities and intergovernmental aid provided for specific programs.

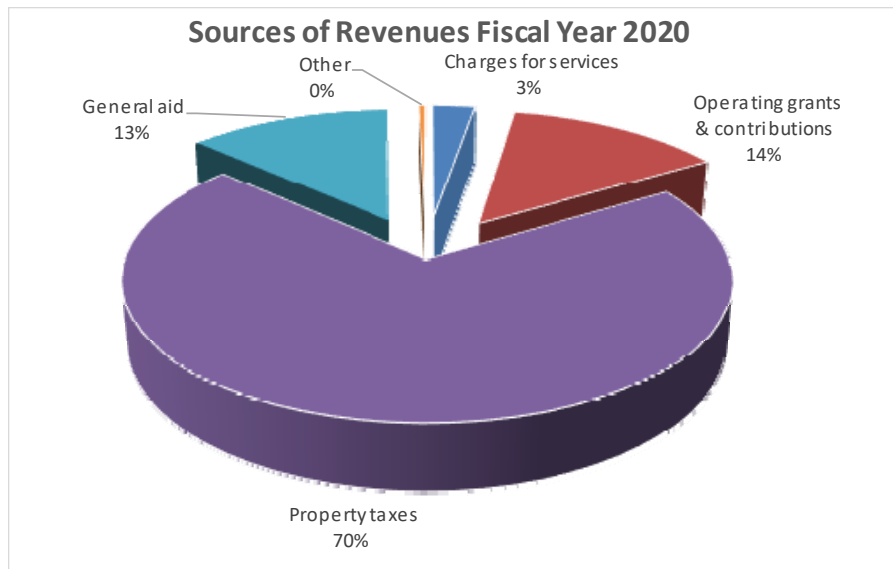
Table 3
Net Cost of Governmental Activities

EXPENSES	Total Cost of Services	Net Cost of Services
Instruction	\$ 230,355,829	\$ (185,759,556)
Pupil and instructional services	60,491,982	(44,393,542)
General administration services	25,584,151	(24,645,155)
Building administration services	45,257,145	(43,306,192)
Pupil transportation services	12,160,996	(11,649,805)
Child nutrition	9,982,351	(1,260,536)
Other support services	47,602,487	(46,523,555)
Community service	13,155,145	(10,717,030)
Interest on debt	2,701,207	(2,701,207)
Other	17,614,636	(17,614,636)
Total expenses	\$ 464,905,929	\$ (388,571,214)

**MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

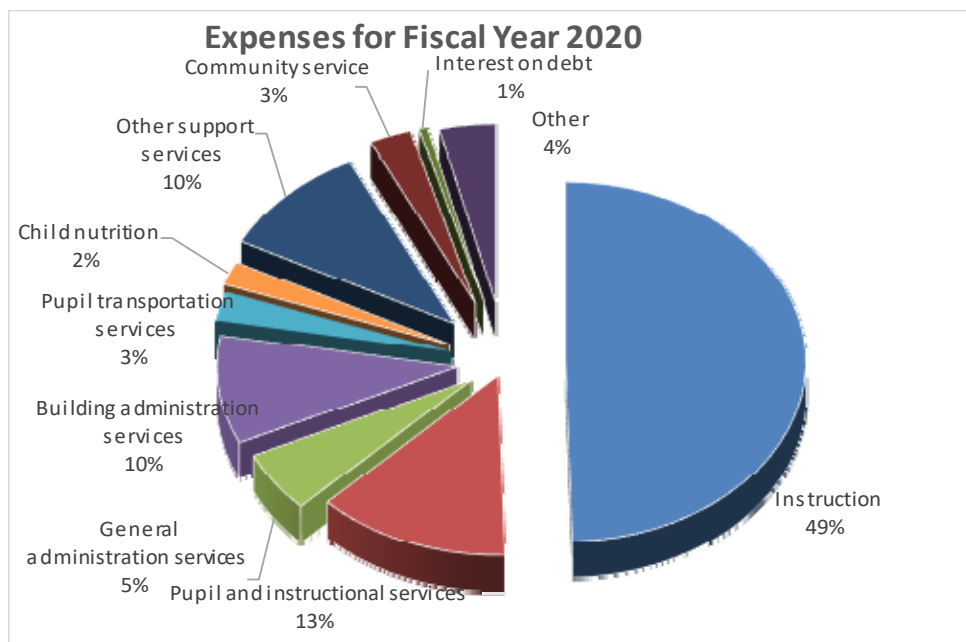
Revenues

- General state aid and general federal aid provide about 14% of the funding for governmental activities. The District relies on property taxes for 70% of its revenues. Program revenues, in the form of charges for services and operating grants and contributions, accounted for 16% of the total revenues.



Expenses

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



**MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Governmental Funds

The District completed the year with a total governmental fund balance of \$80,807,381.

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. The components of the District's governmental fund balances are detailed in Note 15. The District's fund balance classifications are expanded under GASB statement 54 to enhance the usefulness of the information.

General Fund Budget

The District approves an interim budget in June for the subsequent year (beginning July 1st). 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 2019-20 budget as follows:

- ❖ Adjusted for several state and federal grants.
- ❖ Adjustments and Amendments based on actuals versus projections when preliminary budget was created. Primary amendments due to State Personal Property Aid and Private School Voucher actuals being different than estimates, and a Transfer of Service increase to the revenue limit.
- ❖ Adjustments in salary and fringe budgets to reflect actual staff assigned to positions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2020 fiscal year, the District had invested \$364,436,283 in a broad range of capital assets, including buildings, sites, library books, and equipment (see Table 4). Additional information about capital assets can be found in Note 6. Total accumulated depreciation on these assets was \$185,814,498 for governmental activities.

**Table 4
Capital Assets**

	2020	2019
Land and construction in progress	\$ 12,642,891	\$ 12,213,633
Site improvements	4,410,752	4,134,399
Buildings	319,406,920	309,352,249
Furniture and equipment	27,975,720	27,426,847
Accumulated depreciation	(185,814,498)	(178,689,053)
Net capital assets	\$ 178,621,785	\$ 174,438,075

**MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Long-Term Debt and Obligations

At year-end, the District had \$58,415,764 in general obligation debt of which \$10,323,603 is due next year. The District had \$157,456,846 other long-term debt of which \$1,001,846 is due within one year. Additional information about long-term debt and obligations can be found in Note 6.

**Table 5
Outstanding Long-term Obligations**

	2020	2019
General obligation debt	\$ 58,415,764	\$ 68,981,076
Unamortized premium	1,261,876	1,538,495
Capital lease	3,103,369	168,423
Compensated absences	79,620,437	68,869,692
Other postemployment benefits	37,672,456	27,483,949
Net WRS pension liability	-	52,764,836
Net supplemental pension liability	35,798,708	30,965,900
Net long-term obligations	<u>\$ 215,872,610</u>	<u>\$ 250,772,371</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- **Revenue Limits** The District operates under a state mandated revenue limit. Revenue limit increases have been volatile at the State level and have the potential of decreasing in upcoming years due to the impacts of COVID 19 on the state budget. The District must be very disciplined concerning spending priorities to operate within the revenue limit. The District is going to operating referendum on November 3, 2020 to exceed the revenue limits in 2021.
- **Enrollment** MMSD has had incredible stability in our enrollment, within 1% of 27,000 kids for many years in a row. However, lower birth rates have started to cause slight declines (-55 students in original 2020-21 projections) in enrollment that will need to be monitored overtime. The impacts of COVID 19 and the need to go to virtual school have created additional uncertainty on future enrollment trends.
- **State General/Equalization Aid** The District is attempting to stabilize its expenditures to avoid significant swings in general aid under the state funding formula. However, the equalized property value growth in Madison was 8.5% in fiscal year 2019 and 7% fiscal year 2020, one of the highest in the State. The fast-growing property value growth negatively impacts the District's share of State aid and is outside of MMSD control.
- **General Fund Balance** The general fund unassigned fund balance stands at \$61,662,416, or 14.80% of general fund expenditures. School Board policy calls for a general fund balance between ten percent (10%) and fifteen percent (15%) of annual general fund expenditures.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

- **Tax Incremental District (TID) Advance** The District negotiated a \$9.27 million advance from the City of Madison in anticipation of a future distribution of TID surplus funds in TID #25. The advance is in the form of a promissory note. Since the principal will be repaid from the TID surplus funds already existing in TID #25, the District is not at risk for principal repayment.
- **Independent 2x Charter Schools** State statutes now allows for the University of Wisconsin to approve school charters that are not part of the district. The State has now approved three 2x charters. The District is able to keep these students in the three-year rolling average resident counts; however, expenses become due in full the first year a student enrolls in a 2x program. This legislation likely will contribute to slight enrollment decreases over time.
- **Private School Vouchers** Historically, the Private School Voucher program did not have an impact on the District as Madison had only one private school apply to be eligible for the program. However, now there are more schools that are eligible, the number of eligible private school vouchers continues to be an area of growing concern.
- **Long Range Master Plan** The District has developed a new long-range master plan for school facilities. The new study includes enrollment projections, community growth, and facility needs for the next twenty years, along with a capital financing plan. In the short term, this plan has led to a facility referendum of \$317 million on the November 3, 2020 ballot.
- **Elementary Capacity** Prior to COVID 19 impacts on enrollment, 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.

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:

Kelly Ruppel, Chief Financial Officer
Madison Metropolitan School District
545 West Dayton Street
Madison, WI 53703

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 107,285,169
Receivables	
Taxes	64,287,700
Accounts	1,035,865
Due from other governments	9,328,044
Inventories and prepaid items	421,047
Net WRS pension asset	47,452,918
Capital assets not being depreciated	12,642,891
Capital assets being depreciated, net of depreciation	165,978,894
Total assets	408,432,528
Deferred outflows of resources	
Loss on refinancing	332,431
Related to WRS pension	205,793,218
Related to supplemental pension	5,453,004
Related to OPEB liability	11,567,386
Total deferred outflows of resources	223,146,039
Liabilities	
Short-term notes payable	68,000,000
Accounts payable	3,153,623
Payroll and related benefits payable	28,849,794
Interest payable	1,754,967
Unearned revenue	295,837
Long term obligations	
Due within one year	11,325,449
Due in more than one year	204,547,161
Total liabilities	317,926,831
Deferred inflows of resources	
Related to WRS pension	243,087,015
Related to supplemental pension	6,858,697
Related to OPEB liability	5,386,318
Total deferred inflows of resources	255,332,030
Net position	
Net investment in capital assets	119,148,575
Restricted for	
Endowment - Bassett Fund	377,231
Self funded insurance	1,515,292
Student activity	1,327,922
Debt service	2,613,690
Capital projects	1,375,380
Donations	2,138,210
Child nutrition	1,583,797
Community service	2,395,566
Common School Fund	101,669
Net pension	10,159,121
Unrestricted (deficit)	(84,416,747)
Total net position	\$ 58,319,706

See accompanying notes

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities				
Instruction				
Regular instruction	\$ 143,527,526	\$ 5,437,666	\$ 13,913,415	\$ (124,176,445)
Vocational instruction	4,036,910	33,051	274,574	(3,729,285)
Special education instruction	71,688,202	92,248	23,852,720	(47,743,234)
Other instruction	11,103,191	849,961	142,638	(10,110,592)
Total instruction	<u>230,355,829</u>	<u>6,412,926</u>	<u>38,183,347</u>	<u>(185,759,556)</u>
Support services				
Pupil services	29,069,780	466,115	7,604,109	(20,999,556)
Instructional staff services	31,422,202	571,496	7,456,720	(23,393,986)
General administration services	25,584,151	9,199	929,797	(24,645,155)
Building administration services	45,257,145	391,467	1,559,486	(43,306,192)
Pupil transportation services	12,160,996	7,669	503,522	(11,649,805)
Child nutrition	9,982,351	1,296,302	7,425,513	(1,260,536)
Other support services	47,602,487	752,784	326,148	(46,523,555)
Community services	13,155,145	2,420,503	17,612	(10,717,030)
Interest on long-term debt	2,701,207	-	-	(2,701,207)
Total support services	<u>216,935,464</u>	<u>5,915,535</u>	<u>25,822,907</u>	<u>(185,197,022)</u>
Nonprogram	17,614,636	-	-	(17,614,636)
Total governmental activities	<u><u>\$ 464,905,929</u></u>	<u><u>\$ 12,328,461</u></u>	<u><u>\$ 64,006,254</u></u>	<u><u>(388,571,214)</u></u>
General revenues				
Property taxes:				
General purposes				299,623,907
Debt service				13,558,668
Capital projects				5,000,000
Community service				12,009,506
State and federal aids not restricted to specific functions				60,004,839
Interest and investment earnings				1,410,796
Miscellaneous				356,937
Total general revenues				<u>391,964,653</u>
Change in net position				3,393,439
Net position - beginning of year				<u>54,926,267</u>
Net position - end of year				<u><u>\$ 58,319,706</u></u>

MADISON METROPOLITAN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 104,189,198	\$ 3,095,971	\$ 107,285,169
Receivables			
Taxes	64,287,700	-	64,287,700
Accounts	480,511	555,354	1,035,865
Due from other governments	9,161,337	166,707	9,328,044
Due from other funds	-	7,612,187	7,612,187
Inventories and prepaid items	266,278	154,769	421,047
Total assets	<u>\$ 178,385,024</u>	<u>\$ 11,584,988</u>	<u>\$ 189,970,012</u>
Liabilities and fund balances			
Liabilities			
Short-term note payable	\$ 68,000,000	\$ -	\$ 68,000,000
Accounts payable	2,350,224	694,077	3,044,301
Payroll and related benefits payable	28,849,794	-	28,849,794
Interest and deposit payable	1,251,190	-	1,251,190
Due to other organizations	109,322	-	109,322
Unearned revenue	15,346	280,491	295,837
Due to other funds	7,612,187	-	7,612,187
Total liabilities	108,188,063	974,568	109,162,631
Fund balances			
Nonspendable	266,278	154,769	421,047
Restricted	3,322,114	10,455,651	13,777,765
Assigned	4,946,153	-	4,946,153
Unassigned	61,662,416	-	61,662,416
Total fund balances	<u>70,196,961</u>	<u>10,610,420</u>	<u>80,807,381</u>
Total liabilities and fund balances	<u>\$ 178,385,024</u>	<u>\$ 11,584,988</u>	<u>\$ 189,970,012</u>

**MADISON METROPOLITAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2020**

Total fund balances - governmental funds	\$	80,807,381
<p>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:</p>		
Governmental capital assets		364,436,283
Governmental accumulated depreciation		<u>(185,814,498)</u>
		178,621,785
<p>Long-term liabilities, including bonds and notes payable, and deferred inflows and outflows 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:</p>		
General obligation debt		(58,415,764)
Premium on general obligation debt		(1,261,876)
Capital lease obligations		(3,103,369)
Loss on refinancing		332,431
Net supplemental pension liability		(35,798,708)
Net pension asset		47,452,918
Net OPEB obligation		(37,672,456)
Deferred outflows related to WRS pension		205,793,218
Deferred outflows related to supplemental pension		5,453,004
Deferred outflows related to OPEB		11,567,386
Deferred inflows related to WRS pension		(243,087,015)
Deferred inflows related to supplemental pension		(6,858,697)
Deferred inflows related to OPEB		(5,386,318)
Accrued interest on general obligation debt		(503,777)
Vested employee benefits		<u>(79,620,437)</u>
		<u>(201,109,460)</u>
Total net position - governmental activities	\$	<u>58,319,706</u>

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total
Revenues			
Property taxes	\$ 299,623,907	\$ 30,568,174	\$ 330,192,081
Other local sources	4,779,965	7,156,808	11,936,773
Interdistrict sources	3,681,642	-	3,681,642
Intermediate sources	203,891	-	203,891
State sources	91,752,761	173,815	91,926,576
Federal sources	21,434,032	7,251,698	28,685,730
Other sources	1,525,220	147,455	1,672,675
Total revenues	<u>423,001,418</u>	<u>45,297,950</u>	<u>468,299,368</u>
Expenditures			
Instruction			
Regular instruction	142,909,730	616,964	143,526,694
Vocational instruction	4,064,888	4,615	4,069,503
Special education instruction	71,688,202	-	71,688,202
Other instruction	11,127,743	130,947	11,258,690
Total instruction	<u>229,790,563</u>	<u>752,526</u>	<u>230,543,089</u>
Support services			
Pupil services	28,314,589	754,654	29,069,243
Instructional staff services	30,648,647	772,970	31,421,617
General administration services	25,317,873	88,210	25,406,083
Building administration services	40,092,634	9,586,696	49,679,330
Pupil transportation	12,073,673	83,790	12,157,463
Child nutrition	-	9,986,521	9,986,521
Community services	-	12,956,485	12,956,485
Other support services	30,856,971	722,356	31,579,327
Total support services	<u>167,304,387</u>	<u>34,951,682</u>	<u>202,256,069</u>
Nonprogram	17,614,636	-	17,614,636
Debt service	2,028,273	12,702,260	14,730,533
Total expenditures	<u>416,737,859</u>	<u>48,406,468</u>	<u>465,144,327</u>
Excess (deficiency) of revenues over expenditures	6,263,559	(3,108,518)	3,155,041
Other financing sources (uses)			
Capital leases	4,029,796	-	4,029,796
Transfers in (out)	(1,264,705)	1,264,705	-
Net change in fund balances	9,028,650	(1,843,813)	7,184,837
Fund balances - beginning of year	<u>61,168,311</u>	<u>12,454,233</u>	<u>73,622,544</u>
Fund balances - end of year	<u>\$ 70,196,961</u>	<u>\$ 10,610,420</u>	<u>\$ 80,807,381</u>

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, 2020

Net change in fund balances - total governmental funds		\$ 7,184,837
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets is reported in the governmental funds as expenditures. However for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives a depreciation expense reported in the statement of activities.		
Capital outlay reported in governmental fund statements	11,312,155	
Depreciation expense reported in the statement of activities	<u>(7,128,445)</u>	
Amount by which capital outlays is greater than depreciation		4,183,710
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.		
The amount of long-term obligations principal payments in the current year		11,660,162
Long-term bonds, notes, capital leases and operating loans 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.		
The amount of long-term notes incurred is		(4,029,796)
Long-term bond premiums and discounts are reported in governmental funds as other sources and debt service, respectively, but should be amortized over the life of the bonds in the statement of activities.		
Adjustment to current year amortization of premium/discount		276,619
Long-term gains or losses on debt refinancing are reported in governmental funds as other sources and debt service, respectively, but should be amortized over the life of the new bonds in the statement of activities.		
Adjustment to current year amortization of gain/loss		(54,646)
Defined WRS pension benefits are reported in the government funds when funded by the District		
The statement of activities reports the WRS pension benefits expense when earned by employees		
Pension benefits funded in current year	16,086,793	
Pension benefits earned in current year	<u>(17,727,160)</u>	
Amounts earned are more than amounts paid		(1,640,367)
Defined supplemental pension benefits are reported in the government funds when funded by the District		
The statement of activities reports the supplemental pension benefits expense when earned by employees		
Pension benefits funded in current year	3,428,207	
Pension benefits earned in current year	<u>(3,667,235)</u>	
Amounts earned are more than amounts paid		(239,028)
Other postemployment benefits (OPEB) are reported in the government funds when funded by the District		
The statement of activities reports the OPEB expense when earned by employees		
OPEB funded in current year	1,086,660	
OPEB earned in current year	<u>(4,431,158)</u>	
Amounts earned are more than amounts paid		(3,344,498)
Vested employee benefits are reported in the government funds when amounts are paid.		
The statement of activities reports the value of benefits earned during the year.		
Special termination benefits paid in current year	6,131,527	
Special termination benefits earned in current year	<u>(5,496,168)</u>	
Amounts earned are less than amounts paid		635,359
Sick leave is reported in governmental funds when amounts are paid. The statement of activities reports the expected value of sick leave funds being used for future benefit to the employees		
The change in the expected value is smaller in the current year		(11,386,104)
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	2,136,945	
The amount of interest accrued during the current period	<u>(1,989,754)</u>	
Interest paid is more than interest accrued by		147,191
Change in net position - governmental activities		<u><u>\$ 3,393,439</u></u>

**MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020**

	<u>Scholarship Trust</u>	<u>Employee Benefit Trust</u>	<u>Agency Fund</u>
Assets			
Cash and cash equivalents	\$ 573,742	\$ 17,540,357	\$ 128,356
Liabilities			
Due to student organizations	-	-	\$ 128,356
Net position			
Restricted	\$ 573,742	\$ 17,540,357	

**MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2020**

	<u>Scholarship Trust</u>	<u>Employee Benefit Trust</u>
Additions		
Contributions	\$ 142,347	\$ 166,547
Investment income (loss)	<u>7,172</u>	<u>(91,504)</u>
Total additions	149,519	75,043
Deductions		
Scholarships and awards paid	182,124	-
Other postemployment benefits	<u>-</u>	<u>399,500</u>
Total deductions	<u>182,124</u>	<u>399,500</u>
Change in net position	(32,605)	(324,457)
Net position - beginning of year	<u>606,347</u>	<u>17,864,814</u>
Net position - end of year	<u>\$ 573,742</u>	<u>\$ 17,540,357</u>

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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.

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 pre-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, 2020

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 primarily financed 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 and state equalization aid, 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, 2020

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 child nutrition programs.

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

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.

Employee Benefit Trust Fund - The District accounts for resources accumulated to finance post retirement life insurance benefits in a fiduciary trust fund.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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.

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.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 31st, and a final payment no later than the following July 31st. 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 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, 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 1st, 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 30th and are available to pay current liabilities.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 fund 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. The District reports deferred outflows of resources related to the loss on refinancing, the WRS pension, supplemental pension and OPEB

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 reports deferred inflows of resources related to the WRS pension, supplemental pension and OPEB

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 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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. EQUITY CLASSIFICATIONS

Net Position

On the district-wide financial statements, net position represents the difference between assets, deferred inflows, deferred outflows, 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 external restrictions or limitations imposed on their use 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 net investment in capital assets.

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 board's intent, or an official to which the District board has delegated authority to assign amounts 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, 2020

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 allows employees to roll 10 days of vacation at year end. Vacation is not compensation upon termination. 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 upon 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, 2020, expenditures on a pay-as-you-go basis were \$4,413,199. The District’s sick leave liability at June 30, 2020 was \$79,620,437, which represents \$51,030,434 for currently active employees and \$28,590,003 for retirees.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. PENSION

Wisconsin Retirement System

For purposes of measuring the WRS 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.

Teacher Emeritus Plan and Administrator's Retirement Plan

Qualifying teachers and administrators are provided with a stipend/supplemental pension. The stipend is a single employer defined benefit pension plan administered by the District. For purposes of measuring the net supplemental pension liability and related deferred outflows, the district has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. USE OF ESTIMATES

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

P. CAPITAL ASSETS

Capital assets are reported in the district-wide financial statements. Capital assets are reported at actual cost or estimated historical costs. Capital assets are defined by the District as assets with an initial individual cost of \$5,000. Donated assets are reported at estimated acquisition 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 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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020**

**Note 2 - Explanation of Certain Differences Between Governmental Fund Statements
And District-Wide Statements**

	Total Governmental Funds	Long -Term Revenues/ Expenses	Capital Related Items	Long -Term Debt Transactions	Statement of Activities Total
Revenues:					
Property taxes	\$ 330,192,081	\$ -	\$ -	\$ -	\$ 330,192,081
Other local sources	11,936,773	-	-	-	11,936,773
Intermediate sources	3,681,642	-	-	-	3,681,642
Interdistrict sources	203,891	-	-	-	203,891
State sources	91,926,576	-	-	-	91,926,576
Federal sources	28,685,730	-	-	-	28,685,730
Other sources	1,672,675	-	-	-	1,672,675
Total revenues	468,299,368	-	-	-	468,299,368
Expenditures					
Instruction:					
Regular instruction	143,526,694	-	832	-	143,527,526
Vocational instruction	4,069,503	-	(32,593)	-	4,036,910
Special instruction	71,688,202	-	-	-	71,688,202
Other instruction	11,258,690	-	(155,499)	-	11,103,191
Total instruction	230,543,089	-	(187,260)	-	230,355,829
Support Services:					
Pupil services	29,069,243	-	537	-	29,069,780
Instructional staff services	31,421,617	-	585	-	31,422,202
General administration services	25,406,083	-	178,068	-	25,584,151
Building administration services	49,679,330	-	(4,422,185)	-	45,257,145
Pupil transportation	12,157,463	-	3,533	-	12,160,996
Child nutrition	9,986,521	-	(4,170)	-	9,982,351
Community services	12,956,485	-	198,660	-	13,155,145
Other support services	31,579,327	15,974,638	48,522	-	47,602,487
Total support services	202,256,069	15,974,638	(3,996,450)	-	214,234,257
Non-program	17,614,636	-	-	-	17,614,636
Debt service	14,730,533	-	-	(12,029,326)	2,701,207
Total expenditures	465,144,327	15,974,638	(4,183,710)	(12,029,326)	464,905,929
Other financing sources (uses):					
Proceeds from debt	4,029,796	-	-	(4,029,796)	-
Net Change for Year	\$ 7,184,837	\$ (15,974,638)	\$ 4,183,710	\$ 7,999,530	\$ 3,393,439

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

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	\$ 2,950	\$ -	
Demand deposits	168,408	168,408	Custodial credit
Certificates of deposit	106,635	106,635	Custodial credit
Total Deposits	<u>275,043</u>	<u>275,043</u>	
Wisconsin Local Government Investment Pool	7,560	7,560	Interest rate and credit
City of Madison Investment Pool	99,383,190	99,383,190	Interest rate and credit
Wisconsin Investment Cooperative	8,318,524	11,871,755	Interest rate and credit
Standard Life Insurance Company	17,540,357	17,540,357	Interest rate and credit
	<u>125,249,631</u>	<u>128,802,862</u>	
 Total cash and cash equivalents	 <u>\$ 125,527,624</u>		
Reconciliation to the Financial Statements			
Per Statement of Net Position	\$ 107,285,169		
Per Statement of Fiduciary Net Position			
Scholarship Trust	573,742		
Employee Benefit Trust	17,540,357		
Agency Fund	<u>128,356</u>		
 Total cash and cash equivalents	 <u>\$ 125,527,624</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 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.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - CASH AND INVESTMENTS (Continued)

Credit Risk

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

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, 2020, money market, 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.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2020, 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, 2020, none of the District's deposits with financial institutions was uninsured and uncollateralized. The majority of these funds are for immediate short-term use and are held in a Standard and Poors AAAM rated fund. 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, 2020 the District's share of the WISC's assets was substantially equal to the amount reported on page 31. 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, 2020, the District's fair value of investments held at the City of Madison Investment Pool was substantially equal to the amount reported on page 31. 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, 2020 the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported on page 31.

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.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

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

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, 2020, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue Trust Fund	General Fund	\$ 1,762,188
Capital Projects Fund	General Fund	1,832,779
Food Service Fund	General Fund	1,550,251
Community Service Fund	General Fund	2,466,969

Interfund 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. Transfers between funds are as follows:

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 1,264,705

The District transferred funds to the Food Service Fund to cover the current year loss related to the closure of schools.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - CAPITAL ASSETS

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

	Beginning Balance	Additions and Reclassifications	Removals	Ending Balance
Capital assets not being depreciated:				
Sites (land)	\$ 11,828,630	\$ 639,000	\$ -	\$ 12,467,630
Construction in progress	<u>385,003</u>	<u>6,223,357</u>	<u>(6,433,099)</u>	<u>175,261</u>
Total capital assets not being depreciated:	12,213,633	6,862,357	(6,433,099)	12,642,891
Capital assets being depreciated:				
Site improvements	4,134,399	276,353	-	4,410,752
Buildings and building improvements	309,352,249	10,054,671	-	319,406,920
Furniture and equipment	<u>27,426,847</u>	<u>551,873</u>	<u>(3,000)</u>	<u>27,975,720</u>
Total capital assets being depreciated:	340,913,495	10,882,897	(3,000)	351,793,392
Less accumulated depreciation for:				
Site Improvements	(2,543,224)	(166,576)	-	(2,709,800)
Building & building improvements	(154,155,782)	(5,620,932)	-	(159,776,714)
Furniture and equipment	<u>(21,990,047)</u>	<u>(1,340,937)</u>	<u>3,000</u>	<u>(23,327,984)</u>
Total accumulated depreciation	(178,689,053)	(7,128,445)	3,000	(185,814,498)
Total capital assets being depreciated, net of accumulated depreciation	<u>162,224,442</u>	<u>3,754,452</u>	<u>-</u>	<u>165,978,894</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 174,438,075</u>	<u>\$ 10,616,809</u>	<u>\$ (6,433,099)</u>	<u>\$ 178,621,785</u>

Depreciation expense for governmental activities for the year ended June 30, 2020 was charged to governmental functions as follows:

Regular Instruction	\$ 8,032
Vocational Instruction	1,386
Other Instruction	9,216
Pupil Services	537
Instructional Staff Services	585
General Admin	184,130
Building services	6,527,605
Pupil transportation	3,533
Child nutrition	17,722
Other Support	327,177
Community Service	48,522
	<u>\$ 7,128,445</u>

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

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, 2020 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes, due September 4, 2019	\$ 69,000,000	\$ -	\$ 69,000,000	\$ -
Tax anticipation notes, due September 4, 2020	-	68,000,000	-	68,000,000
Totals	\$ 69,000,000	\$ 68,000,000	\$ 69,000,000	\$ 68,000,000

NOTE 8 - LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Notes and loans	\$ 38,421,076	\$ -	\$ 5,365,312	\$ 33,055,764	\$ 6,203,603
Bonds	30,560,000	-	5,200,000	25,360,000	4,120,000
Deferred amounts for premium/discount	1,538,495	-	276,619	1,261,876	-
Total general obligation debt	70,519,571	-	10,841,931	59,677,640	10,323,603
Capital Leases	168,423	4,029,796	1,094,850	3,103,369	1,001,846
Net WRS pension liability	52,764,836	16,086,793	68,851,629	-	-
Net Supplemental pension liability	30,965,900	8,261,015	3,428,207	35,798,708	-
Net OPEB obligation	27,483,949	10,784,163	595,656	37,672,456	-
Vested employee benefits (sick leave)					
Currently active employees	39,644,330	16,882,272	5,496,168	51,030,434	-
Retirees	29,225,362	5,496,168	6,131,527	28,590,003	-
Totals	\$ 250,772,371	\$ 61,540,207	\$ 96,439,968	\$ 215,872,610	\$ 11,325,449

All general obligation debt is secured by the full faith, credit, and unlimited taxing powers of the District. 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.

Total long-term debt interest paid and expended (including accrual) for the year ended June 30, 2020 was \$2,136,945 and \$1,989,754, respectively.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

General obligation debt at June 30, 2020, is comprised of the following individual issues:

Description	Issue Dates	Average Interest Rate	Date of Maturity	Balance 6/30/2020
QSCB Payable	12/29/2010	4.25%	12/1/2020	\$ 1,080,000
QZAB Payable	3/21/2012	4.00%	12/1/2031	2,770,000
Bonds Payable	3/21/2012	2.78%	3/1/2025	14,745,000
Energy Efficiency Note Payable	12/17/2012	1.98%	9/1/2022	2,920,000
Note Payable	8/10/2015	2.00%	3/1/2025	22,650,000
Bonds Payable	8/15/2015	2.28%	3/1/2026	7,845,000
Promissory Notes	11/1/2016	variable	3/1/2022	6,165,000
State Trust Fund Loan	1/7/2017	3.00%	3/15/2022	240,764
				\$ 58,415,764

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt and capital leases as of June 30, 2020, are as follows:

Year ended June 30,	Bonds, notes, and loans			Capital lease		
	Principal	Interest	Totals	Principal	Interest	Totals
2021	\$ 10,323,603	\$ 1,645,751	\$ 11,969,354	\$ 1,001,846	\$ 93,004	\$ 1,094,850
2022	9,532,161	1,344,570	10,876,731	1,031,898	62,952	1,094,850
2023	9,855,000	1,050,368	10,905,368	1,062,890	31,960	1,094,850
2024	15,260,000	698,727	15,958,727	6,735	-	6,735
2025	9,355,000	431,050	9,786,050	-	-	-
2026-2030	1,320,000	593,600	1,913,600	-	-	-
2031-2032	2,770,000	166,200	2,936,200	-	-	-
	\$ 58,415,764	\$ 5,930,266	\$ 64,346,030	\$ 3,103,369	\$ 187,916	\$ 3,291,285

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$29,743,210,155. The legal debt limit and margin of indebtedness as of June 30, 2020, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Debt limit (10% of \$29,743,210,155)	\$ 2,974,321,016
GO debt outstanding	58,415,764
Margin of Indebtedness	\$ 2,915,905,252

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new debt in an irrevocable trust to provide for future debt service payments on the old debt. Accordingly, the trust assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2020 \$7,885,000 of debt outstanding is considered defeased.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

CAPITAL LEASES

During fiscal year 2020, the District entered into a capital lease for \$4,029,796 to acquire laptops. Individually the Chromebooks do not meet the District's threshold for capitalization and are therefore not included in fixed assets.

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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

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

During the reporting period, the WRS recognized \$15,402,857 contributions from the employer.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

Contribution rates as of June 30, 2020 are as follows:

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

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

At June 30, 2020, the District reported an asset of \$47,452,918 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 1.47165632%, which was a decrease of 0.01146582% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$17,756,682.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 90,076,487	\$ (45,077,253)
Net differences between projected and actual earnings on pension plan investments	100,978,630	(197,989,265)
Changes in assumptions	3,697,842	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	190,654	(20,497)
Employer contributions subsequent to the measurement date	10,849,605	-
Total	\$ 205,793,218	\$ (243,087,015)

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

\$10,849,605 reported as deferred outflows of resources related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2021	\$ 66,125,347	\$ (80,425,791)
2022	65,172,846	(75,806,505)
2023	52,074,908	(50,336,358)
2024	11,570,512	(36,518,361)
	\$ 194,943,613	\$ (243,087,015)

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

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

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

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

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global equities	49	8.0	5.1
Fixed income	24.5	4.9	2.1
Inflation sensitive assets	15.5	4.0	1.2
Real estate	9	6.3	3.5
Private equity/debt	8	10.6	7.6
Multi-asset	4	6.9	4.0
Total core fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. equities	70	7.5	4.6
International equities	30	8.2	5.3
Total variable fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate. The following presents the District's proportionate share of the net pension asset calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT PLANS (Continued)

point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
The District's proportionate share of net pension liability (asset)	\$ 122,199,744	\$ (47,452,918)	\$ (174,287,794)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

NOTE 10 - SELF-FUNDED INSURANCE PROGRAMS

The District has established a self-funded dental benefit plan and a partially self-funded Worker's Compensation plan for its employees. The plan administrators are responsible for the approval, processing, and payment of claims, after which the plan administrator bills the District either each week for reimbursement, or as needed. Accounting and budgeting requirements for the plans are established by the Wisconsin Department of Public Instruction. The plans are accounted for in the General Fund.

At June 30, 2020, the District reported a liability of \$1,175,009 for the dental plan which represents an estimate of reported and unreported claims which were incurred on or before June 30, 2020 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.

At June 30, 2020, the District reported a liability of \$2,905,278 for the Worker's Compensation plan, which represents an estimate of reported and unreported claims which were incurred on or before June 30, 2020 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.

For the dental plan, the amounts accrued were estimated by the Plan administrator based on a monthly accrual rate per employee depending on single versus family coverage, and active versus retiree status. For Worker's Compensation the accrual is calculated by our plan administrators based on our permanent salary total and prior loss experience.

Reported claims and claims incurred but not reported:

	Beginning Balance	Contributions	Claims and Changes in Estimates	Ending Balance
Dental	\$ 1,292,969	\$ 3,765,811	\$ 3,883,771	\$ 1,175,009
Worker's Comp.	2,546,110	1,647,231	1,288,063	2,905,278
Total	\$ 3,839,079	\$ 5,413,042	\$ 5,171,834	\$ 4,080,287

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 11 – SUPPLEMENTAL PENSION

Plan description. Qualifying teachers and administrators are provided with a stipend/supplemental pension. The stipend is a single employer defined benefit pension plan administered by the District. There are no assets accumulated in a trust.

Plan membership: At June 30, 2020, the date of the last actuarial valuation, there were approximately 3,693 active plan members and 217 inactive plan members currently receiving benefits.

Benefits provided. Under the Teacher Emeritus Retirement Program (TERP), 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.

Under the Administrator’s Retirement Plan (ARP), eligible administrators with over 12 years of service with the District receive a post-employment contribution to a tax-sheltered annuity.

Contributions. There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions on the pay-as-you-go basis. There are no assets accumulated in a trust. The District contributed \$3,428,207 for the year ended June 30, 2020.

Changes in net supplemental pension liability

	Net Pension Liability
Balance at 6/30/2019	\$ 30,965,900
Changes for the year:	
Service cost	2,605,623
Interest on total pension liability	1,233,512
Effect of economic/demographic gains or losses	2,958,181
Effect of assumptions changes or inputs	1,463,699
Benefit payments	(3,428,207)
Net changes	4,832,808
Balance at 6/30/2020	\$ 35,798,708

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

At June 30, 2020, the District reported a net pension liability of \$35,798,708. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. There have been no significant changes in assumptions or benefit terms between the valuation date and the measurement date.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 11 – SUPPLEMENTAL PENSION (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$3,667,235. At June 30, 2020, the District reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,705,129	\$ (2,657,230)
Changes in assumptions	2,747,875	(4,201,467)
Total	\$ 5,453,004	\$ (6,858,697)

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

Year ended June 30:

2021	\$ (171,900)
2022	(171,900)
2023	(171,900)
2024	(171,900)
2025	(171,900)
Thereafter	(546,193)
	\$ (1,405,693)

Actuarial assumptions. The actuarial assumptions that determined the pension liability are based upon the results of 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System (WRS):

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Reporting Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Inflation:	3.00%
	Age based, in connection with the 2015-2017 Experience Study performed by the actuary for the WRS.
Salary increases including inflation:	3.50%
Discount Rate:	MP-2018 generational improvement scale, in connection with the 2015-2017 Experience Study performed by the actuary for the WRS.
Mortality Rate:	

Discount rate. A discount rate of 3.50% was used to determine the total pension liability. This discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Index at June 30, 2020.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 – SUPPLEMENTAL PENSION (Continued)

Sensitivity of the District’s net pension liability to changes in the discount rate. The following presents the District’s net pension liability calculated using the discount rate of 3.50 percent, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease to Discount Rate 2.50%	Current Discount Rate 3.50%	1% Increase to Discount Rate 4.50%
Net pension liability	\$ 37,922,626	\$ 35,798,708	\$ 33,757,150

NOTE 12 - POSTEMPLOYMENT BENEFITS

Life Insurance

Plan description. The District administers a single employer defined benefit life insurance plan. The plan provides life insurance for eligible retirees through the District’s life insurance plan, which covers both active and retired members. Assets have been accumulated to prefund these benefits through a Premium Stabilization Fund Agreement with Standard Life Insurance Company and are accounted for in the employee benefit trust fund. The Retiree Life Insurance Plan does not issue a publicly available financial report. Participants are eligible for life benefits at age 65. Employees who retire before age 65 are eligible for life benefits as long as they pay premiums until the age of 65.

Plan membership: At June 30, 2020, there were 3,373 active employees and 2,046 retirees participating in the plan. There has no significant changes in participant data since June 30, 2019, the date of the last actuarial valuation.

Benefits provided. One times the employee’s annual rate of basic earnings, rounded to next higher multiple of \$1,000. The initial amount may not be less than \$5,000 or more than \$200,000. Subsequent adjustments are in place based on date of retirement and age of employee.

Contributions. Contributions are determined by an annual actuarial valuation. The actuarially determined contribution is comprised of the service cost plus the portion of the net OPEB liability to be amortized in the valuation year. The District is not contractually required to contribute to the Trust. During the reporting period, the District contributed \$166,547 to the plan.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

Changes in net OPEB liability

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2019	\$ 22,219,425	\$ 17,864,814	\$ 4,354,611
Changes for the year:			
Service Cost	609,582	-	609,582
Interest	792,084	-	792,084
Differences between expected and actual experience	272,353	-	272,353
Changes of assumptions or other input	5,424,918	-	5,424,918
Contributions - Employer	-	166,547	(166,547)
Net investment income	-	(91,504)	91,504
Benefit payments	(399,500)	(399,500)	-
Net changes	<u>6,699,437</u>	<u>(324,457)</u>	<u>7,023,894</u>
Balances at 6/30/2020	<u>\$ 28,918,862</u>	<u>\$ 17,540,357</u>	<u>\$ 11,378,505</u>

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

At June 30, 2020, the District reported a net OPEB liability of \$11,378,505. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. There have been no significant changes in assumptions or benefit terms between the valuation date and the measurement date.

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,529,354. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 462,526	\$ (115,479)
Changes in assumptions	5,769,092	(2,165,506)
Net differences between projected and actual earnings on pension plan investments	<u>851,490</u>	<u>-</u>
Total	<u>\$ 7,083,108</u>	<u>\$ (2,280,985)</u>

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

Year ended June 30:	
2021	\$ 748,913
2022	664,317
2023	612,371
2024	1,003,666
2025	1,075,669
Thereafter	697,187
	\$ 4,802,123

Actuarial assumptions. The actuarial assumptions that determined the OPEB liability as of June 30, 2020 are based upon the results of 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System (WRS):

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Reporting Date:	June 30, 2020
Actuarial Cost Method:	Entry age normal
Inflation:	3.00%
	Age Based, in connection with the 2015-2017 Experience Study performed by the actuary for the WRS.
Salary increases including inflation:	2.21%
Discount Rate:	2.21%
Mortality Rate:	MP-2018 generational improvement scale, in connection with the 2015-2017 Experience Study performed by the actuary for the WRS.

Discount rate. A discount rate of 2.21% was used to measure the net OPEB liability. This discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Index at June 30, 2020. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

Sensitivity of the District's net OPEB liability to changes in the discount rate. The following presents the District's net OPEB liability calculated using the discount rate of 2.21 percent, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease to Discount Rate 1.21%	Current Discount Rate 2.21%	1% Increase to Discount Rate 3.21%
Total OPEB liability	\$ 35,334,783	\$ 28,918,862	\$ 24,015,551
Fiduciary net position	17,540,357	17,540,357	17,540,357
Net OPEB liability	17,794,426	11,378,505	6,475,194

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

Healthcare Plan

Plan description. 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. The Retiree Health Plan does not issue a publicly available financial report.

Plan membership: At June 30, 2020, there were 5,015 active employees and 123 retirees participating in the plan. There has no significant changes in participant data since June 30, 2019, the date of the last actuarial valuation.

Benefits provided. Under the Teacher Emeritus Retirement Program (TERP) and Administrator's Retirement Plan (ARP), employees meeting a minimum age and length of service requirement are eligible to convert unused sick time (200 days at 100% and additional days at 50%) into retiree insurance premiums. Additionally, all retired teachers are permitted to remain on the District's health, dental, long-term care, and life insurance program by paying 100% of the applicable premium after they have exhausted their sick leave conversion benefit.

All other district employees are eligible to convert unused sick time (subject to applicable conversion according to contract) into retiree insurance premiums.

Contributions. There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions on the pay-as-you-go basis. There are no assets accumulated in a trust. The District contributed \$920,113 for the year ended June 30, 2020.

Changes in total OPEB liability

	Total OPEB Liability
Balance at 6/30/2019	\$ 23,129,338
Changes for the year:	
Service cost	1,896,724
Interest on total OPEB liability	859,949
Effect of economic/demographic gains or losses	(3,113,871)
Effect of assumptions changes or inputs	4,441,924
Benefit payments	(920,113)
Net changes	3,164,613
Balance at 6/30/2020	\$ 26,293,951

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

At June 30, 2020, the District reported a total OPEB liability of \$26,293,951. The total OPEB liability was measured as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019. There have been no significant changes in assumptions or benefit terms between the valuation date and the measurement date.

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,901,804. At June 30, 2020, the District reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,818,437)
Changes in assumptions	4,484,278	(286,896)
	<u>\$ 4,484,278</u>	<u>\$ (3,105,333)</u>
Total	<u>\$ 4,484,278</u>	<u>\$ (3,105,333)</u>

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

Year ended June 30:

2021	\$ 145,131
2022	145,131
2023	145,131
2024	145,131
2025	145,131
Thereafter	653,290
	<u>\$ 1,378,945</u>

Actuarial assumptions. The actuarial assumptions that determined the OPEB liability as of June 30, 2020 are based upon the results of 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System (WRS):

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Reporting Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Inflation:	3.00%
	Age based, in connection with the 2015-2017 Experience Study performed by the actuary for the WRS.
Salary increases including inflation:	2.21%
Discount Rate:	MP-2018 generational improvement scale, in connection with the 2015-2017 Experience Study performed by the actuary for the WRS.
Mortality Rate:	

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

Discount rate. A discount rate of 2.21% was used to measure the total OPEB liability. This discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Index at June 30, 2020.

Sensitivity of the District's total OPEB liability to changes in the discount rate. The following presents the District's total OPEB liability calculated using the discount rate of 2.21 percent, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease to Discount Rate 1.21%	Current Discount Rate 2.21%	1% Increase to Discount Rate 3.21%
Total OPEB liability	\$ 28,124,522	\$ 26,293,951	\$ 24,541,748

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the OPEB liability of the District, as well as what the District's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease to Healthcare Trends Rates .4% -2.7%	Current Healthcare Trends Rates 1.4% -3.7%	1% Increase to Healthcare Trends Rates 2.4%-4.7%
Total OPEB liability	\$ 23,061,428	\$ 26,293,951	\$ 30,154,472

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.

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 and worker's compensation, 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.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 15 - FUND BALANCES

The components of the governmental fund balances are as follows:

	General Fund	Non Major Fund	Total
Non-spendable			
Prepays	\$ 157,636	\$ -	\$ 157,636
Inventory	108,642	154,769	263,411
	<u>266,278</u>	<u>154,769</u>	<u>421,047</u>
Restricted			
Debt Service	-	3,117,467	3,117,467
Capital Project	-	1,375,380	1,375,380
Donations	-	2,138,210	2,138,210
Food Service	-	1,429,028	1,429,028
Community Service	-	2,395,566	2,395,566
Reserve for self funded dental	1,515,292	-	1,515,292
Basset training endowment	377,231	-	377,231
Student Activity	1,327,922	-	1,327,922
Common school	101,669	-	101,669
	<u>3,322,114</u>	<u>10,455,651</u>	<u>13,777,765</u>
Assigned			
Holtzman remodel	678,560	-	678,560
TID 25	1,827,134	-	1,827,134
Building carry over	1,355,713	-	1,355,713
Covid 19 response	1,000,000	-	1,000,000
Safety and Security	84,746	-	84,746
	<u>4,946,153</u>	<u>-</u>	<u>4,946,153</u>
Unassigned	<u>61,662,416</u>	<u>-</u>	<u>61,662,416</u>
Total fund balance	<u>\$ 70,196,961</u>	<u>\$ 10,610,420</u>	<u>\$ 80,807,381</u>

NOTE 16 - SUBSEQUENT EVENTS

Management evaluated subsequent events through November 11, 2020, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2020, but prior to November 11, 2020, that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the financial statements for the year ended June 30, 2020. Events or transactions that provided evidence about conditions that did not exist at June 30, 2020 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, 2020.

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Property taxes	\$ 299,602,819	\$ 299,602,819	\$ 299,623,907	\$ 21,088
Other local sources	6,198,386	6,198,386	4,779,965	(1,418,421)
Interdistrict sources	3,279,515	3,279,515	3,681,642	402,127
Intermediate sources	334,279	334,279	203,891	(130,388)
State sources	89,914,361	89,914,361	91,752,761	1,838,400
Federal sources	23,129,112	23,129,112	21,434,032	(1,695,080)
Other sources	967,121	967,121	1,525,220	558,099
Total revenues	<u>423,425,593</u>	<u>423,425,593</u>	<u>423,001,418</u>	<u>(424,175)</u>
Expenditures				
Instruction:				
Regular instruction	150,061,794	150,061,794	142,909,730	7,152,064
Vocational instruction	4,077,167	4,077,167	4,064,888	12,279
Special instruction	74,880,632	74,880,632	71,688,202	3,192,430
Other instruction	11,018,899	11,018,899	11,127,743	(108,844)
Total instruction	<u>240,038,492</u>	<u>240,038,492</u>	<u>229,790,563</u>	<u>10,247,929</u>
Support services:				
Pupil services	28,974,230	28,974,230	28,314,589	659,641
Instructional staff services	33,189,024	33,189,024	30,648,647	2,540,377
General administration services	26,281,015	26,281,015	25,317,873	963,142
Building administration services	39,323,788	39,323,788	40,092,634	(768,846)
Pupil transportation	14,075,766	14,075,766	12,073,673	2,002,093
Other support services	34,136,161	34,136,161	30,856,971	3,279,190
Total support services	<u>175,979,984</u>	<u>175,979,984</u>	<u>167,304,387</u>	<u>8,675,597</u>
Nonprogram	18,613,033	18,613,033	17,614,636	998,397
Debt Service	2,327,227	2,327,227	2,028,273	298,954
Total expenditures	<u>436,958,736</u>	<u>436,958,736</u>	<u>416,737,859</u>	<u>20,220,877</u>
Excess (deficiency) of revenues over expenditures	(13,533,143)	(13,533,143)	6,263,559	19,796,702
Other financing sources (uses)				
Capital leases	4,029,796	4,029,796	4,029,796	-
Operating Loan	2,055,000	2,055,000	-	(2,055,000)
Transfers out	-	-	(1,264,705)	(1,264,705)
Net change in fund balance	<u>(7,448,347)</u>	<u>(7,448,347)</u>	<u>9,028,650</u>	<u>16,476,997</u>
Fund balance - beginning of year	<u>61,168,311</u>	<u>61,168,311</u>	<u>61,168,311</u>	<u>-</u>
Fund balance - end of year	<u>\$ 53,719,964</u>	<u>\$ 53,719,964</u>	<u>\$ 70,196,961</u>	<u>\$ 16,476,997</u>

See accompanying notes to the required supplementary information

MADISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2014	1.519785%	\$ (37,330,073)	\$ 213,983,693	17.45%	102.74%
12/31/2015	1.531274%	24,885,909	218,447,597	11.39%	98.20%
12/31/2016	1.525934%	12,577,337	217,121,739	5.79%	99.12%
12/31/2017	1.502730%	(44,617,832)	217,711,493	20.49%	102.93%
12/31/2018	1.483122%	52,764,836	227,246,935	23.22%	96.45%
12/31/2019	1.471656%	(47,452,918)	235,058,745	-20.19%	102.96%

*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*

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 15,038,383	\$ 15,038,383	\$ -	\$ 219,246,552	6.86%
6/30/2016	14,858,224	14,858,224	-	216,318,525	6.87%
6/30/2017	14,353,970	14,353,970	-	215,267,623	6.67%
6/30/2018	14,817,647	14,817,647	-	224,184,467	6.61%
6/30/2019	15,232,440	15,232,440	-	232,400,381	6.55%
6/30/2020	15,402,857	15,402,857	-	240,593,020	6.40%

*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 the required supplementary information

MADISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF SUPPLEMENTAL NET PENSION LIABILITY
Last 10 Fiscal Years*

	2020	2019	2018	2017
Net supplemental pension liability	\$ 35,798,708	\$ 30,965,900	\$ 31,760,609	\$ 40,098,031
The District's covered-employee payroll	N/A	N/A	N/A	N/A
Net supplemental pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

*Amounts presented were determined as of a measurement date of 12 months prior to year end

SCHEDULE OF CHANGES IN SUPPLEMENTAL NET PENSION LIABILITY
Last 10 Fiscal Years*

	2020	2019	2018	2017
Beginning Balance	\$ 30,965,900	\$ 31,760,609	\$ 40,098,031	\$ 37,520,268
Changes for the year:				
Service cost	2,605,623	2,617,853	2,834,351	2,380,230
Interest on total pension liability	1,233,512	1,161,727	1,170,584	1,445,287
Effect of economic/demographic gains or losses	2,958,181	-	(3,628,204)	-
Effect of assumptions changes or inputs	1,463,699	(684,094)	(4,969,296)	2,520,637
Benefit payments	(3,428,207)	(3,890,195)	(3,744,857)	(3,768,391)
Net changes	4,832,808	(794,709)	(8,337,422)	2,577,763
Ending Balance	\$ 35,798,708	\$ 30,965,900	\$ 31,760,609	\$ 40,098,031

*Amounts presented were determined as of a measurement date of 12 months prior to year end

MADISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF EMPLOYEE OPEB CONTRIBUTIONS
RETIREE LIFE
Last 10 Fiscal Years*

	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -
Contributions in relation to ADC	166,547	962,908	644,722
Contribution deficiency (excess)	(166,547)	(962,908)	(644,722)
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

*Amounts presented were determined as of a measurement date of 12 months prior to year end

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE LIFE
Last 10 Fiscal Years*

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 609,582	\$ 520,817	\$ 553,626
Interest	792,084	769,031	723,367
Differences between expected and actual experience	272,353	280,312	48,764
Changes in assumptions or other input	5,424,918	1,587,839	(1,192,040)
Benefit payments	(399,500)	(573,250)	(299,750)
Net Change in OPEB Liability	6,699,437	2,584,749	(166,033)
Total OPEB liability - beginning	22,219,425	19,634,676	19,800,709
Total OPEB liability - ending (a)	<u>\$ 28,918,862</u>	<u>\$ 22,219,425</u>	<u>\$ 19,634,676</u>
Total Fiduciary Net Position:			
Contributions - Employer	\$ 166,547	\$ 962,908	\$ 644,722
Net investment income	(91,504)	509,354	329,615
Benefit payments	(399,500)	(573,250)	(299,750)
Net change in fiduciary net position	(324,457)	899,012	674,587
Fiduciary net position - beginning	17,864,814	16,965,802	16,291,215
Fiduciary net position - ending (b)	<u>\$ 17,540,357</u>	<u>\$ 17,864,814</u>	<u>\$ 16,965,802</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 11,378,505</u>	<u>\$ 4,354,611</u>	<u>\$ 2,668,874</u>
Fiduciary net position as a percentage of the total OPEB liability	60.65%	80.40%	86.41%
Covered payroll	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A

*Amounts presented were determined as of a measurement date of 12 months prior to year end

See accompanying notes to the required supplementary information

MADISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF TOTAL OPEB LIABILITY
RETIREE HEALTH
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability	\$ 26,293,951	\$ 23,129,338	\$ 20,784,867
The District's covered-employee payroll	N/A	N/A	N/A
Total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A

*Amounts presented were determined as of a measurement date of 12 months prior to year end

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 23,129,338	\$ 20,784,867	\$ 19,436,094
Changes for the year:			
Service cost	1,896,724	1,733,700	1,748,218
Interest on total OPEB liability	859,949	855,176	745,923
Effect of economic/demographic gains or losses	(3,113,871)	-	-
Effect of assumptions changes or inputs	4,441,924	605,621	(442,254)
Benefit payments	(920,113)	(850,026)	(703,114)
Net changes	<u>3,164,613</u>	<u>2,344,471</u>	<u>1,348,773</u>
Ending Balance	<u>\$ 26,293,951</u>	<u>\$ 23,129,338</u>	<u>\$ 20,784,867</u>

*Amounts presented were determined as of a measurement date of 12 months prior to year end

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020**

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 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures in excess of the School Board approved budget are as follows:

Function	Amount
Other instruction	108,844
Building administration services	768,846

NOTE 3 - NET PENSION ASSET AND CONTRIBUTIONS

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

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020**

NOTE 4- SCHEDULE OF CHANGES IN SUPPLEMENTAL PENSION LIABILITY

Changes of Benefit Terms. There were no changes of benefit terms.

Changes of Assumptions. The demographic assumptions have been updated based upon the most recent WRS experience study. The discount rate is in accordance with GASB 73.

There are no assets accumulated in a trust.

NOTE 5- SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

Changes of Benefit Terms. There were no changes of benefit terms.

Changes of Assumptions. The demographic assumptions have been updated based upon the most recent WRS experience study. The discount rate is in accordance with GASB 74/75. The expected claims and medical trend rates were changed to reflect anticipated experience under the most recent Getzen model application. The participation rate has been updated from 70% to 50% based recent plan experience. To reflect the provisions of the Secure Act, the actuary has removed the excise tax provision from the trend assumption.

SUPPLEMENTARY INFORMATION

**MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2020**

	General Fund	Special Education Fund	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 104,189,048	\$ 150	\$ -	\$ 104,189,198
Receivables				
Taxes	64,287,700	-	-	64,287,700
Accounts	480,511	-	-	480,511
Due from other governments	9,161,337	-	-	9,161,337
Due from other funds	-	7,294	(7,294)	-
Inventories and prepaid items	266,278	-	-	266,278
Total assets	\$ 178,384,874	\$ 7,444	\$ (7,294)	\$ 178,385,024
Liabilities and fund balances				
Liabilities				
Short-term note payable	\$ 68,000,000	\$ -	\$ -	\$ 68,000,000
Accounts payable	2,342,780	7,444	-	2,350,224
Payroll and related benefits payable	28,849,794	-	-	28,849,794
Interest and deposit payable	1,251,190	-	-	1,251,190
Due to other organizations	109,322	-	-	109,322
Unearned revenues	15,346	-	-	15,346
Due to other funds	7,619,481	-	(7,294)	7,612,187
Total liabilities	108,187,913	7,444	(7,294)	108,188,063
Fund balances				
Nonspendable				
Inventories and prepaid items	266,278	-	-	266,278
Restricted	3,322,114	-	-	3,322,114
Assigned	4,946,153	-	-	4,946,153
Unassigned	61,662,416	-	-	61,662,416
Total fund balances	70,196,961	-	-	70,196,961
Total liabilities and fund balances	\$ 178,384,874	\$ 7,444	\$ (7,294)	\$ 178,385,024

MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
For the Year Ended June 30, 2020

	General Fund	Special Education Fund	Eliminations	Total
Revenues				
Property taxes	\$ 299,623,907	\$ -	\$ -	\$ 299,623,907
Other local sources	4,779,965	-	-	4,779,965
Interdistrict sources	3,589,394	92,248	-	3,681,642
Intermediate sources	203,891	-	-	203,891
State sources	72,106,858	19,645,903	-	91,752,761
Federal sources	15,794,382	5,639,650	-	21,434,032
Other sources	1,525,220	-	-	1,525,220
Total revenues	<u>397,623,617</u>	<u>25,377,801</u>	-	<u>423,001,418</u>
Expenditures				
Instruction				
Regular instruction	142,909,730	-	-	142,909,730
Vocational instruction	4,064,888	-	-	4,064,888
Special education instruction	11,731,193	59,957,009	-	71,688,202
Other instruction	10,978,068	149,675	-	11,127,743
Total instruction	<u>169,683,879</u>	<u>60,106,684</u>	-	<u>229,790,563</u>
Support services				
Pupil services	14,997,180	13,317,409	-	28,314,589
Instructional staff services	28,133,303	2,515,344	-	30,648,647
General administration services	25,215,510	102,363	-	25,317,873
Building administration services	39,875,770	216,864	-	40,092,634
Pupil transportation	8,207,475	3,866,198	-	12,073,673
Other support services	30,712,490	144,481	-	30,856,971
Total support services	<u>147,141,728</u>	<u>20,162,659</u>	-	<u>167,304,387</u>
Nonprogram	17,444,767	169,869	-	17,614,636
Debt Service	2,028,273	-	-	2,028,273
Total expenditures	<u>336,298,647</u>	<u>80,439,212</u>	-	<u>416,737,859</u>
Excess (deficiency) of revenues over expenditures	61,324,970	(55,061,411)	-	6,263,559
Other financing sources (uses)				
Capital leases	4,029,796	-	-	4,029,796
Transfer in	224,383	55,285,794	(55,510,177)	-
Transfer out	(56,550,499)	(224,383)	55,510,177	(1,264,705)
Net change in fund balances	9,028,650	-	-	9,028,650
Fund balances - beginning of year	<u>61,168,311</u>	-	-	<u>61,168,311</u>
Fund balances - end of year	<u>\$ 70,196,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,196,961</u>

MADISON METROPOLITAN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Property taxes	\$ 299,602,819	\$ 299,602,819	\$ 299,623,907	\$ 21,088
Other local sources	6,198,386	6,198,386	4,779,965	(1,418,421)
Interdistrict sources	3,262,850	3,262,850	3,589,394	326,544
Intermediate sources	334,279	334,279	203,891	(130,388)
State sources	70,422,894	70,422,894	72,106,858	1,683,964
Federal sources	16,107,181	16,107,181	15,794,382	(312,799)
Other sources	967,121	967,121	1,525,220	558,099
Total revenues	<u>396,895,530</u>	<u>396,895,530</u>	<u>397,623,617</u>	<u>728,087</u>
Expenditures				
Instruction				
Regular instruction	149,783,325	149,783,325	142,909,730	6,873,595
Vocational instruction	4,077,167	4,077,167	4,064,888	12,279
Special instruction	12,874,021	12,874,021	11,731,193	1,142,828
Other instruction	10,864,120	10,864,120	10,978,068	(113,948)
Total instruction	<u>177,598,633</u>	<u>177,598,633</u>	<u>169,683,879</u>	<u>7,914,754</u>
Support services				
Pupil services	17,198,550	17,198,550	14,997,180	2,201,370
Instructional staff services	29,948,537	29,948,537	28,133,303	1,815,234
General administration services	26,191,015	26,191,015	25,215,510	975,505
Building administration services	39,106,888	39,106,888	39,875,770	(768,882)
Pupil transportation	10,089,226	10,089,226	8,207,475	1,881,751
Other support services	33,731,211	33,731,211	30,712,490	3,018,721
Total support services	<u>156,265,427</u>	<u>156,265,427</u>	<u>147,141,728</u>	<u>9,123,699</u>
Nonprogram	18,380,424	18,380,424	17,444,767	935,657
Debt service	2,327,227	2,327,227	2,028,273	298,954
Total expenditures	<u>354,571,711</u>	<u>354,571,711</u>	<u>336,298,647</u>	<u>18,273,064</u>
Excess (deficiency) of revenues over expenditures	42,323,819	42,323,819	61,324,970	19,001,151
Other financing sources (uses)				
Capital leases	4,029,796	4,029,796	4,029,796	-
Promissory note proceeds	2,055,000	2,055,000	-	(2,055,000)
Transfers in	166,556	166,556	224,383	57,827
Transfers out	(56,023,518)	(56,023,518)	(56,550,499)	(526,981)
Net change in fund balance	(7,448,347)	(7,448,347)	9,028,650	16,476,997
Fund balance - beginning of year	<u>61,168,311</u>	<u>61,168,311</u>	<u>61,168,311</u>	<u>-</u>
Fund balance - end of year	<u>\$ 53,719,964</u>	<u>\$ 53,719,964</u>	<u>\$ 70,196,961</u>	<u>\$ 16,476,997</u>

MADISON METROPOLITAN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL EDUCATION FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Interdistrict sources	\$ 16,665	\$ 16,665	\$ 92,248	\$ 75,583
State sources	19,491,467	19,491,467	19,645,903	154,436
Federal sources	7,021,931	7,021,931	5,639,650	(1,382,281)
Total revenues	<u>26,530,063</u>	<u>26,530,063</u>	<u>25,377,801</u>	<u>(1,152,262)</u>
Expenditures				
Instruction				
Regular instruction	278,469	278,469	-	278,469
Special instruction	62,006,611	62,006,611	59,957,009	2,049,602
Other instruction	154,779	154,779	149,675	5,104
Total instruction	<u>62,439,859</u>	<u>62,439,859</u>	<u>60,106,684</u>	<u>2,333,175</u>
Support services				
Pupil services	11,775,680	11,775,680	13,317,409	(1,541,729)
Instructional staff services	3,240,487	3,240,487	2,515,344	725,143
General administration services	90,000	90,000	102,363	(12,363)
Building administration services	216,900	216,900	216,864	36
Pupil transportation	3,986,540	3,986,540	3,866,198	120,342
Other support services	404,950	404,950	144,481	260,469
Total support services	<u>19,714,557</u>	<u>19,714,557</u>	<u>20,162,659</u>	<u>(448,102)</u>
Nonprogram	232,609	232,609	169,869	62,740
Total expenditures	<u>82,387,025</u>	<u>82,387,025</u>	<u>80,439,212</u>	<u>1,947,813</u>
Excess (deficiency) of revenues over expenditures	(55,856,962)	(55,856,962)	(55,061,411)	795,551
Other financing sources (uses)				
Transfers in	56,023,518	56,023,518	55,285,794	(737,724)
Transfers out	(166,556)	(166,556)	(224,383)	(57,827)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	<u>Special Revenue Funds</u>					<u>Total</u>
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue Trust</u>	<u>Food Service</u>	<u>Community Service</u>	
Assets						
Cash and cash equivalents	\$ 3,043,740	\$ 7,560	\$ -	\$ -	\$ 44,671	\$ 3,095,971
Receivables	73,727	-	481,627	-	-	555,354
Due from other governments	-	-	-	166,707	-	166,707
Due from other funds	-	1,832,779	1,762,188	1,550,251	2,466,969	7,612,187
Inventory	-	-	-	154,769	-	154,769
Total assets	<u>\$ 3,117,467</u>	<u>\$ 1,840,339</u>	<u>\$ 2,243,815</u>	<u>\$ 1,871,727</u>	<u>\$ 2,511,640</u>	<u>\$ 11,584,988</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ 464,959	\$ 105,605	\$ 24,539	\$ 98,974	\$ 694,077
Unearned revenues	-	-	-	263,391	17,100	280,491
Total liabilities	-	464,959	105,605	287,930	116,074	974,568
Fund balances						
Nonspendable	-	-	-	154,769	-	154,769
Restricted	3,117,467	1,375,380	2,138,210	1,429,028	2,395,566	10,455,651
Total fund balances	<u>3,117,467</u>	<u>1,375,380</u>	<u>2,138,210</u>	<u>1,583,797</u>	<u>2,395,566</u>	<u>10,610,420</u>
Total liabilities and fund balances	<u>\$ 3,117,467</u>	<u>\$ 1,840,339</u>	<u>\$ 2,243,815</u>	<u>\$ 1,871,727</u>	<u>\$ 2,511,640</u>	<u>\$ 11,584,988</u>

MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>					
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue Trust</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Total</u>
Revenues						
Property taxes	\$ 13,558,668	\$ 5,000,000	\$ -	\$ -	\$ 12,009,506	\$ 30,568,174
Other local sources	28,280	12,936	3,398,785	1,296,303	2,420,504	7,156,808
State sources	-	-	-	173,815	-	173,815
Federal sources	-	-	-	7,251,698	-	7,251,698
Other sources	147,455	-	-	-	-	147,455
Total revenues	<u>13,734,403</u>	<u>5,012,936</u>	<u>3,398,785</u>	<u>8,721,816</u>	<u>14,430,010</u>	<u>45,297,950</u>
Expenditures						
Instruction						
Regular instruction	-	-	616,964	-	-	616,964
Vocational instruction	-	-	4,615	-	-	4,615
Other instruction	-	-	130,947	-	-	130,947
Total instruction	-	-	<u>752,526</u>	-	-	<u>752,526</u>
Pupil services	-	-	754,654	-	-	754,654
Instructional staff services	-	-	772,970	-	-	772,970
General administration services	-	-	20,852	-	67,358	88,210
Building administration services	-	7,114,863	1,774,375	-	697,458	9,586,696
Transportation	-	-	82,222	-	1,568	83,790
Child nutrition	-	-	-	9,986,521	-	9,986,521
Community services	-	-	-	-	12,956,485	12,956,485
Other support services	-	-	351,155	-	371,201	722,356
Total support services	-	<u>7,114,863</u>	<u>3,756,228</u>	<u>9,986,521</u>	<u>14,094,070</u>	<u>34,951,682</u>
Debt Service	<u>12,702,260</u>	-	-	-	-	<u>12,702,260</u>
Total expenditures	<u>12,702,260</u>	<u>7,114,863</u>	<u>4,508,754</u>	<u>9,986,521</u>	<u>14,094,070</u>	<u>48,406,468</u>
Excess (deficiency) of revenues over expenditures	1,032,143	(2,101,927)	(1,109,969)	(1,264,705)	335,940	(3,108,518)
Other financing sources (uses)						
Transfer in	-	-	-	1,264,705	-	1,264,705
Net change in fund balances	1,032,143	(2,101,927)	(1,109,969)	-	335,940	(1,843,813)
Fund balances - beginning of year	<u>2,085,324</u>	<u>3,477,307</u>	<u>3,248,179</u>	<u>1,583,797</u>	<u>2,059,626</u>	<u>12,454,233</u>
Fund balances - end of year	<u>\$ 3,117,467</u>	<u>\$ 1,375,380</u>	<u>\$ 2,138,210</u>	<u>\$ 1,583,797</u>	<u>\$ 2,395,566</u>	<u>\$ 10,610,420</u>

MADISON METROPOLITAN SCHOOL DISTRICT
Supporting Schedule
Charter School Authorizing Costs - Object and Function
Badger Rock Middle and Nuestro Mundo Elementary
For the Year Ended June 30, 2020

Schedule by Object

Employee Salaries	\$ 3,933
Employee Benefits	<u>1,180</u>
	<u>\$ 5,113</u>