



**MADISON METROPOLITAN
SCHOOL DISTRICT
Madison, Wisconsin**

**FINANCIAL STATEMENTS
June 30, 2010**

MADISON METROPOLITAN SCHOOL DISTRICT
Madison, Wisconsin

TABLE OF CONTENTS

| | Page |
|---|-------------|
| INDEPENDENT AUDITOR’S REPORT | 1 |
| MANAGEMENT’S DISCUSSION & ANALYSIS | 3 |
| BASIC FINANCIAL STATEMENTS | |
| District-Wide Financial Statements | |
| Statement of Net Assets | 14 |
| Statement of Activities | 15 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 17 |
| Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to Statement of Activities | 18 |
| Statement of Fiduciary Net Assets - Fiduciary Funds | 19 |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds | 20 |
| Notes to Financial Statements..... | 21 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule for the General Fund - Budget and Actual (Unaudited) | 49 |
| Budgetary Comparison Schedule for the Special Education Fund - Budget and Actual (Unaudited)..... | 50 |
| Schedule of Funding Progress for Retiree's Health Plan (Unaudited) | 51 |
| Notes to Required Supplementary Information..... | 52 |
| OTHER SUPPLEMENTARY INFORMATION | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 55 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds..... | 56 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Trust Fund - Budget to Actual | 57 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund - Budget to Actual..... | 58 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Projects Fund - Budget to Actual | 59 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Food Service Fund - Budget to Actual | 60 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Community Service Fund - Budget to Actual | 61 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Package Co-op Fund - Budget to Actual | 62 |

Independent Auditor's Report

Board of Education
Madison Metropolitan School District
Madison, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Metropolitan School District as of and for the year ended June 30, 2010, which collectively comprise Madison Metropolitan School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Madison Metropolitan School District's Board of Education and management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Education and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Madison Metropolitan School District as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010 on our consideration of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13 and the required supplementary information on pages 48 through 51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Middleton, Wisconsin
November 19, 2010

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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

FINANCIAL HIGHLIGHTS

- The district's financial position, as reflected in governmental net assets, increased by \$1,681,976.
- Prior service liability related to the Wisconsin Retirement System was retired and a new payment structure was created through a refinancing at a lower interest rate.
- As demonstrated in Note 9 the district maintains a margin of available indebtedness and has available \$2.3 billion of its bonding authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-wide financial statements

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

Fund financial statements

- The district also produced *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The district, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.
- There are two governmental fund financial statements, the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance*. Generally, governmental fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

- Because the focus of governmental fund financial statements is narrower than that of the district-wide statements, it is useful to make comparison between the information presented. By doing so, readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The district has two kinds of funds: *governmental* and *fiduciary*. *Governmental funds* include the district's seven permanent funds (general, special revenue trust, special education, debt service, food service, community service and cooperative funds) and individual capital project funds as needed. The *fiduciary funds* for the district serve as an agency fund for student and parent organizations and scholarship funds.
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund and special education fund. Data for the special revenue trust, debt service, capital project, food service, cooperative and community service funds is combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information. The governmental fund financial statements are on page 16 to 18 of this report.
- The district serves as a trustee, or *fiduciary*, for student and parent organizations and scholarship fund. The assets of these organizations do not directly benefit nor are 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 page 19 - 20.
- The district adopts an annual appropriated budget for its general fund and special education fund. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statements are on page 49 to 50 of this report.

Notes to the financial statements

The *notes to the financial statements* provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on page 21 to 47 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 | Modified accrual accounting. | | Accrual accounting. Economic resources |

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

| | District-wide Statements | Fund Financial Statements | |
|---|---|---|--|
| | | Governmental | Fiduciary |
| | focus. | Current financial resources focus. | 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. |

FINANCIAL ANALYSIS

The District as a Whole

Net assets. Table 1, below, provides a summary of the district's net assets for the years ended June 30, 2009 and 2010.

| | Governmental | | % Change |
|---|--------------------|--------------------|--------------|
| | Activities | | |
| | 2009 | 2010 | 2009-2010 |
| Assets | | | |
| Total current assets | 133,021,492 | 141,993,054 | 6.74% |
| Total noncurrent assets | 150,082,561 | 146,820,748 | -2.17% |
| Total assets | 283,104,053 | 288,813,802 | 2.02% |
| Liabilities | | | |
| Total current liabilities | 107,589,188 | 111,773,317 | 3.89% |
| Total noncurrent liabilities | 142,264,207 | 139,569,474 | -1.89% |
| Total liabilities | 249,853,395 | 251,342,791 | .60% |
| Net assets | | | |
| Invested in capital assets, net of related debt | 100,934,570 | 101,435,125 | .50% |
| Restricted for: | | | |
| Bassett fund | 420,223 | 426,950 | 1.60% |
| Debt service | 1,380,848 | 378,941 | -72.56% |
| Unrestricted | -69,484,983 | -64,770,005 | -6.79% |
| Total liabilities and net assets | 283,104,053 | 288,813,802 | 2.02% |

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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

The majority of MMSD's buildings are in very good condition as a result of general operating funds appropriated for maintenance and repair. The school district received authority in 1999 to provide for \$19,993,000 in funding to be used for maintenance projects within existing facilities spread out over a five year period from 2000-01 to 2004-05. The district again received authority in 2005 to provide for \$23,697,000 in funding to be used for maintenance projects within existing facilities spread out over a five year period from 2005-06 to 2009-10. In order to minimize the property tax levy increase, the Board of Education did not exercise its full authority in this final year of the maintenance referendum and underlevied by \$3,080,000.

Change in net assets. Table 2 shows the changes in net assets for the fiscal years 2009 and 2010.

| | Total School District | |
|--|--------------------------|--------------------|
| | 2009 | 2010 |
| Revenues: | | |
| Program Revenues | | |
| Charges for services | 13,585,904 | 13,418,144 |
| Operating grants and contributions | 51,862,706 | 55,859,363 |
| General Revenues | | |
| Property Taxes | | |
| General purposes | 213,355,281 | 226,776,482 |
| Debt services | 7,326,782 | 65,250 |
| Community Services | 12,119,565 | 8,298,483 |
| State and Federal aids not restricted to specific functions: | | |
| General | 64,347,714 | 55,219,118 |
| Other | | |
| Interest and investment earnings | 1,586,523 | 982,304 |
| Miscellaneous | 48,636 | -1,120 |
| Total revenues | 364,233,111 | 360,618,024 |
| Expenses: | | |
| Governmental Activities | | |
| Total Instruction | 189,754,414 | 196,252,639 |
| Total Support Services | 153,275,138 | 157,723,352 |
| Total Non-Program | 3,335,043 | 4,960,057 |
| Total Expenses | 346,364,595 | 358,936,048 |
| Change in net assets | 17,868,516 | 1,681,976 |

**MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

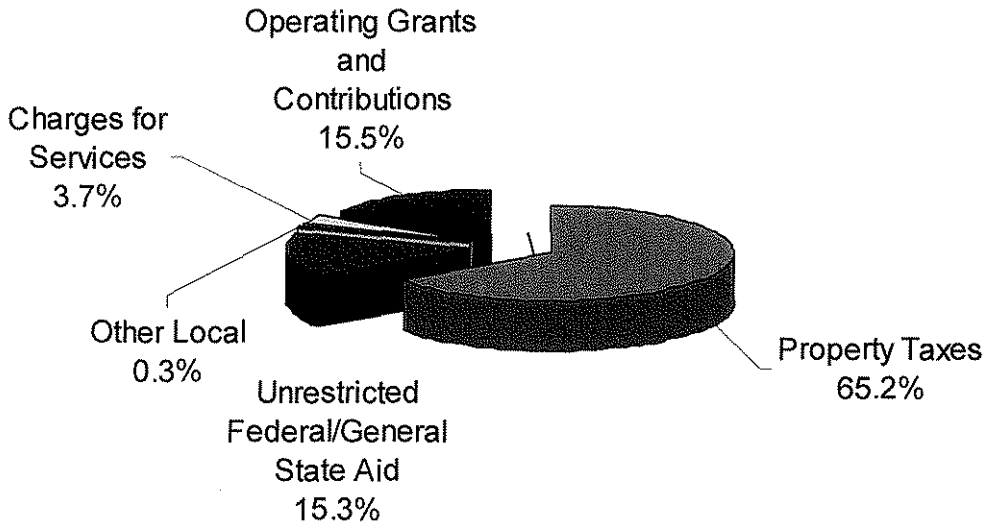
| | | |
|------------------------------|------------|------------|
| Net assets beginning of year | 17,920,519 | 35,789,035 |
| Net assets-end of year | 35,789,035 | 37,471,011 |

Note: totals may not add due to rounding.

Revenues

- As shown, general state aid and general federal aid provide about 15% of the funding for governmental activities. In addition MMSD relies on property taxes for 65% of its revenues as shown on Chart 1 below.
- Program revenues, in the form of charges for services and operating grants and contributions, accounted for 19% of the total revenues.

Chart 1 Sources of Revenues for Fiscal Year 2010



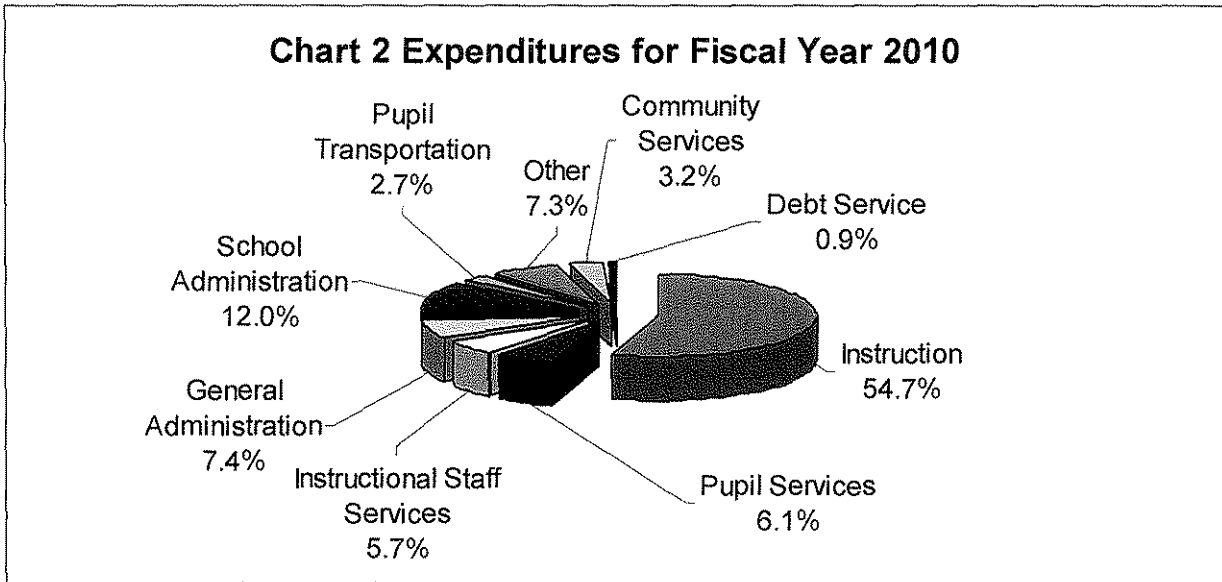
Expenses

The district continued effective management of resources and improved efforts to take advantage of additional funding sources.

- The district received American Recovery and Reinvestment Act (ARRA) federal funds in 2010. Major categories of expenditures include Title I ARRA of \$1,005,800 and IDEA ARRA of \$2,254,212.
- The district took greater advantage of cooperative purchasing opportunities; aggressively pursued e-rate funds, and improved cost allocation to programs supported with direct user fees.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

- The district entered into a refinancing agreement to finance general obligation debt for a present value savings of \$1,164,812. The district also refinanced Wisconsin Retirement System prior service debt in order to take advantage of lower interest rates.
- Expenses by major function are illustrated in Chart 2.



Governmental Activities

Net cost of governmental activities. Table 3 reports the cost of ten major district activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). In all categories except school/building administration and other support services (interest on debt and other do not have program revenues), program revenues did not keep pace with the increased cost of providing the service, thereby increasing reliance on general-purpose revenues.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

TABLE 3
NET COST OF GOVERNMENTAL ACTIVITIES
June 30, 2010

| Functions/Programs | Total Cost | | Revenues | | 2009 Net Cost | 2010 Net Cost |
|--------------------------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | 2009 | 2010 | 2009 | 2010 | of Services | of Services |
| Total instruction | 189,754,415 | 196,252,639 | 35,091,670 | 35,946,905 | 154,662,745 | 160,305,734 |
| Pupil services | 20,926,232 | 22,064,833 | 6,832,322 | 7,609,245 | 14,093,910 | 14,455,588 |
| Instructional staff services | 18,655,409 | 20,326,778 | 6,612,061 | 8,528,604 | 12,043,348 | 11,498,174 |
| General administration services | 24,247,414 | 26,664,199 | 1,390,297 | 538,923 | 22,857,117 | 26,125,276 |
| School /Bldg administration services | 40,601,310 | 42,984,317 | 10,092,905 | 10,592,427 | 30,508,405 | 32,391,890 |
| Pupil transportation services | 9,942,302 | 9,849,821 | 1,262,358 | 1,366,161 | 8,679,944 | 8,483,660 |
| Other support services | 21,631,585 | 16,916,228 | 871,126 | 1,317,428 | 20,760,459 | 15,598,800 |
| Community services | 11,454,131 | 11,429,363 | 3,295,871 | 3,377,814 | 8,158,260 | 8,051,549 |
| Debt Service | 3,886,811 | 3,261,391 | - | - | 3,886,811 | 3,261,391 |
| Unallocated depreciation | 1,929,943 | 4,271,422 | - | - | 1,929,943 | 4,271,422 |
| Non-program | 3,335,043 | 4,960,057 | - | - | 3,335,043 | 4,960,057 |
| Total governmental activities | 346,364,595 | 358,936,048 | 65,448,610 | 69,277,507 | 280,915,985 | 289,658,541 |

Governmental Funds

The district completed the year with a total governmental fund balance of \$44,655,105.

The district's general fund balance provides the following:

- Adequate working capital sufficient to meet the cash flow requirements of the district;
- 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 20th or the subsequent year.

General Fund Budget

- The district approves an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an original 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 2009-2010 as follows:
 - ❖ Adjusted for several state and federal grants.
 - ❖ Adjustments and Amendments based on actuals versus projections when preliminary budget was created.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

- ❖ 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 2010 fiscal year, the district had invested \$282,008,198 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 4. Total accumulated depreciation on these assets was \$135,187,450 for governmental activities.

Table 4
Capital Assets
June 30, 2010

| | Governmental | | Total % Change |
|-------------------------------------|--------------------|---------------|----------------------|
| | Activities | | |
| | 2009 (Restated) | 2010 | |
| Land | 9,395,541 | 9,395,541 | 0% |
| Buildings and building improvements | 248,670,235 | 248,670,235 | 0% |
| Furniture and equipment | 24,142,923 | 23,942,422 | <1% |
| Less: Accumulated depreciation | (129,587,761) | (135,187,450) | 4.3% |
| Total | 152,620,938 | 146,820,748 | -3.8% |

Long-Term Debt

At year-end, the district had \$153,089,061 in general obligation bonds and other long-term debt of which \$13,519,587 is due within one year of the close date of June 30, 2010 - Table 5.

TABLE 5

| | Balance | | Amounts due within one year | Total noncurrent liabilities |
|---|-------------|-------------|--------------------------------|---------------------------------|
| | 2009 | 2010 | | |
| Long-term notes | 600,000 | 600,000 | - | 600,000 |
| Bonds | 42,865,000 | 68,795,000 | 5,635,000 | 63,160,000 |
| Deferred amounts for premium/discount | - | 823,075 | - | 823,075 |
| Deferred amount for refunding loss | - | (758,425) | - | (758,425) |
| Capital Leases | 5,682,990 | 4,485,623 | 1,248,631 | 3,236,992 |
| Vested employee benefits | 77,959,372 | 79,143,788 | 6,635,956 | 72,507,832 |
| Prior service liability (Wisc. Retirement System) | 31,429,070 | - | - | - |
| | 158,536,432 | 153,089,061 | 13,519,587 | 139,569,474 |

**MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

TABLE 6
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
As of June 30, 2010

Net change in fund balances - total governmental funds 2,342,351

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense reported in the statement of activities.

| | | |
|--|--------------------|-------------|
| Capital outlay reported in governmental fund statements | 82,688 | |
| Depreciation expense reported in the statement of activities | <u>(5,880,305)</u> | |
| Amount by which capital outlays are greater than depreciation in the current period. | | (5,797,617) |

Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

| | | |
|--|--------------------|-----------|
| Special termination of benefits paid in current year | 6,096,091 | |
| Special termination of benefits earned in current year | <u>(6,727,247)</u> | |
| Amounts paid are less than amounts earned by: | | (631,156) |

An implicit rate subsidy is incurred by the district as retired employees are covered by The district's insurance plan.

| | | |
|---|--------------------|-------------|
| Employer contributions in the current year to the implicit rate subsidy | 853,481 | |
| Actuarially determined costs of the implicit rate subsidy | <u>(1,854,184)</u> | |
| | | (1,000,703) |

Sick Leave is reported in government funds when amounts are paid. The statement of activities Reports the expected value of sick leave funds being used for future benefit to the employee

447,445

The prior service liability of the Wisconsin Retirement System was paid off by the district in January, 2010

| | | |
|--|-------------------|------------|
| Contributions made in current year through interest forgiven | 2,072,506 | |
| Amount paid to WRS | <u>29,356,564</u> | |
| | | 31,429,070 |

**MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

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 assets, and does not affect the statement of activities.

The amount of long-term obligations principal payments in the current year is: 50,697,366

Long Term Bonds are reported in governmental funds as an other financing source, but are reported as an increase in outstanding long-term debt statement of net assets, and does not affect the statement of activities.

The amount of long term bonds incurred is: (75,430,000)

Long Term Bond Premiums and discounts are reported in governmental funds as other sources and debt service, respectively, but should be amortized over the life of the bonds in the statement of activities.

The amount of premium/discount to be amortized over the remaining life of the bonds is: 1,281,223

Current year amortization or premium/discount (522,798) 758,425

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.

The amount of premium/discount to be amortized over the remaining life of the bonds is: (875,376)

Current year amortization or premium/discount 52,301 (823,075)

The district disposed of outdated computers/equipment resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net assets as a net loss and has no affect on the governmental fund balance sheet:

The value of capital assets disposed of during the year was: 283,189

The amount of depreciation recapture for the year was: (280,616)

The difference in the value of assets net of recaptured depreciation creates a loss of : (2,573)

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.

The amount of interest paid during the current period 1,979,423

The amount of interest accrued during the current period (2,286,980)

Interest paid is less than interest accrued by (307,557)

Change in net assets - governmental activities \$ 1,681,976

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- *The district has not proposed a renewal of the referendum above revenue limits targeted for maintenance and repair projects.*
- *The State of Wisconsin has an open enrollment law that allows students to attend the school district of their choice with few restrictions. The state adjusts each district's general state aid payment based on the number of students who transfer.*

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:

Erik Kass, Assistant Superintendent of Business Services
Donna Williams, Director of Budget, Planning, and Accounting
Madison Metropolitan School District 545 West Dayton Street
Madison, WI 53703

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2010

| | Governmental Activities |
|---|------------------------------------|
| Assets | |
| Current assets | |
| Cash and investments | \$ 53,082,537 |
| Receivables | |
| Taxes | 72,227,058 |
| Accounts | 5,935,272 |
| Due from other governments | 10,212,653 |
| Inventories and prepaid items | 535,534 |
| Total current assets | 141,993,054 |
| Noncurrent assets | |
| Land | 9,395,541 |
| Site improvements | 2,701,316 |
| Buildings and building improvements | 245,968,919 |
| Furniture and equipment | 23,942,422 |
| Less: Accumulated depreciation | (135,187,450) |
| Total noncurrent assets | 146,820,748 |
| Total assets | 288,813,802 |
| Liabilities | |
| Current liabilities | |
| Short-term notes payable | 68,500,000 |
| Accounts payable | 2,432,397 |
| Payroll and related benefits payable | 21,307,362 |
| Interest payable | 2,146,139 |
| Deferred revenue | 3,867,832 |
| Current portion of long-term obligations | 13,519,587 |
| Total current liabilities | 111,773,317 |
| Noncurrent liabilities | |
| Noncurrent portion of long-term obligations | 139,569,474 |
| Total liabilities | 251,342,791 |
| Net assets | |
| Invested in capital assets, net of related debt | 101,435,125 |
| Restricted for | |
| Bassett fund | 426,950 |
| Debt service | 378,941 |
| Unrestricted (deficit) | (64,770,005) |
| Total net assets | \$ 37,471,011 |

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

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

| Functions/Programs | Expenses | Program Revenues | | Net (Expenses) |
|---|----------------------|----------------------|------------------------------------|-----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Assets |
| | | | | Government Activities |
| Governmental activities | | | | |
| Instruction: | | | | |
| Regular instruction | \$ 130,321,345 | \$ 3,531,660 | \$ 13,738,132 | \$ (113,051,553) |
| Vocational instruction | 4,590,487 | 919,892 | 219,904 | (3,450,691) |
| Special education instruction | 51,265,096 | 396,976 | 16,168,696 | (34,699,424) |
| Other instruction | 10,075,711 | 971,645 | - | (9,104,066) |
| Total instruction | <u>196,252,639</u> | <u>5,820,173</u> | <u>30,126,732</u> | <u>(160,305,734)</u> |
| Support service: | | | | |
| Pupil services | 22,064,833 | 199,700 | 7,409,545 | (14,455,588) |
| Instructional staff services | 20,326,778 | 470,526 | 8,058,078 | (11,798,174) |
| General administration services | 26,664,199 | 17,880 | 521,043 | (26,125,276) |
| Building administration services | 42,984,317 | 3,676,986 | 6,915,441 | (32,391,890) |
| Pupil transportation services | 9,849,821 | 46,424 | 1,319,737 | (8,483,660) |
| Other support services | 16,916,228 | 780,422 | 537,006 | (15,598,800) |
| Community services | 11,429,363 | 2,406,033 | 971,781 | (8,051,549) |
| Interest/Other on long-term debt | 3,216,391 | - | - | (3,216,391) |
| Depreciation-unallocated | 4,271,422 | - | - | (4,271,422) |
| Total support services | <u>157,723,352</u> | <u>7,597,971</u> | <u>25,732,631</u> | <u>(124,392,750)</u> |
| Non-program | 4,960,057 | - | - | (4,960,057) |
| Total governmental activities | <u>\$358,936,048</u> | <u>\$13,418,144</u> | <u>\$55,859,363</u> | <u>(289,658,541)</u> |
| General revenues | | | | |
| Property taxes: | | | | |
| General purposes | | | | 226,776,482 |
| Debt service | | | | 65,250 |
| Community service | | | | 8,298,483 |
| State and federal aids not restricted to specific functions | | | | 55,219,118 |
| Interest and investment earnings | | | | 982,304 |
| Miscellaneous | | | | (1,120) |
| Total general revenues | | | | <u>291,340,517</u> |
| Change in net assets | | | | 1,681,976 |
| Net assets - beginning of year (restated) | | | | <u>35,789,035</u> |
| Net assets - end of year | | | | <u>\$ 37,471,011</u> |

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

**MADISON METROPOLITAN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

| | General Fund | Special Education | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------|----------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and investments | \$ 51,985,413 | \$ 150 | \$ 1,096,974 | \$ 53,082,537 |
| Receivables | | | | |
| Taxes | 72,227,058 | - | - | 72,227,058 |
| Accounts | 5,439,354 | - | 500,312 | 5,939,666 |
| Due from other governments | 10,028,878 | 183,775 | - | 10,212,653 |
| Due from other funds | 643,217 | - | 3,068,847 | 3,712,064 |
| Inventories and prepaid items | 385,879 | - | 149,655 | 535,534 |
| Total assets | \$ 140,709,799 | \$ 183,925 | \$ 4,815,788 | \$ 145,709,512 |
| Liabilities and fund balances | | | | |
| Liabilities | | | | |
| Short-term note payable | \$ 68,500,000 | \$ - | \$ - | \$ 68,500,000 |
| Accounts payable | 2,325,967 | - | - | 2,325,967 |
| Payroll and related benefits payable | 21,303,204 | - | 4,158 | 21,307,362 |
| Interest/deposit payable | 1,230,358 | - | - | 1,230,358 |
| Due to other organizations | 106,430 | - | - | 106,430 |
| Deferred revenue | 3,556,813 | - | 311,019 | 3,867,832 |
| Due to other funds | 3,194,611 | 183,925 | 337,922 | 3,716,458 |
| Total liabilities | 100,217,383 | 183,925 | 653,099 | 101,054,407 |
| Fund balances | | | | |
| Reserved | 812,829 | - | 1,444,377 | 2,257,206 |
| Unreserved, designated, reported in: | | | | |
| General Fund | 39,679,587 | - | - | 39,679,587 |
| Special Revenue Fund | - | - | 505,600 | 505,600 |
| Community Service Fund | - | - | 1,606,497 | 1,606,497 |
| Capital Projects Fund | - | - | 726,791 | 726,791 |
| Unreserved, Food Service Fund | - | - | (120,576) | (120,576) |
| Total fund balances | 40,492,416 | - | 4,162,689 | 44,655,105 |
| Total liabilities and fund balances | \$ 140,709,799 | \$ 183,925 | \$ 4,815,788 | 145,709,512 |
| <i>Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balance because:</i> | | | | |
| 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 assets: | | | | |
| Governmental capital assets | | | \$ 282,008,198 | |
| Governmental accumulated depreciation | | | (135,187,450) | |
| | | | | 146,820,748 |
| Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are: | | | | |
| General obligation debt | | | (69,395,000) | |
| Accrued (premium) / discount | | | (823,075) | |
| Refunding loss | | | 758,425 | |
| Capital lease obligations | | | (4,485,623) | |
| Net OPEB Obligation | | | (3,155,927) | |
| Accrued interest on general obligation debt | | | (915,781) | |
| Vested employee benefits | | | (75,987,861) | (154,004,842) |
| Total net assets-governmental activities | | | | \$ 37,471,011 |

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

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

| | General Fund | Special Education Fund | Nonmajor Governmental Funds | Total |
|--|----------------------|------------------------------|-----------------------------------|----------------------|
| Revenues | | | | |
| Property taxes | \$ 219,110,498 | \$ - | \$ 15,199,498 | \$ 234,309,996 |
| Other local sources | 5,262,097 | - | 6,603,539 | 11,865,636 |
| Interdistrict sources | 1,130,227 | 394,977 | - | 1,525,204 |
| Intermediate sources | 31,005 | 2,075 | - | 33,080 |
| State sources | 60,556,584 | 17,867,957 | 297,480 | 78,722,021 |
| Federal sources | 14,622,939 | 10,032,496 | 7,779,922 | 32,435,357 |
| Other sources | 872,038 | - | 857,267 | 1,729,305 |
| Total revenues | <u>301,585,388</u> | <u>28,297,505</u> | <u>30,737,706</u> | <u>360,620,599</u> |
| Expenditures | | | | |
| Instruction: | | | | |
| Regular instruction | 128,761,336 | 418,063 | 564,742 | 129,744,141 |
| Vocational instruction | 4,310,015 | - | 147,723 | 4,457,738 |
| Special instruction | 252,964 | 51,012,132 | - | 51,265,096 |
| Other instruction | 9,881,057 | - | 86,874 | 9,967,931 |
| Total instruction | <u>143,205,372</u> | <u>51,430,195</u> | <u>799,339</u> | <u>195,434,906</u> |
| Support services: | | | | |
| Pupil services | 10,247,726 | 11,582,500 | 66,781 | 21,897,007 |
| Instructional staff services | 15,729,861 | 2,977,461 | 1,445,184 | 20,152,506 |
| General administration services | 24,689,675 | - | 1,556,172 | 26,245,847 |
| Building administration services | 25,570,862 | 112,227 | 17,353,217 | 43,036,306 |
| Pupil transportation | 5,783,322 | 4,009,406 | 57,093 | 9,849,821 |
| Community services | - | - | 11,429,363 | 11,429,363 |
| Debt service | 1,862,027 | - | 5,098,776 | 6,960,803 |
| Other support services | 17,253,756 | 381,715 | 168,849 | 17,804,320 |
| Total support services | <u>101,137,229</u> | <u>19,063,309</u> | <u>37,175,435</u> | <u>157,375,973</u> |
| Non-program | 4,495,963 | 464,094 | - | 4,960,057 |
| Total expenditures | <u>248,838,564</u> | <u>70,957,598</u> | <u>37,974,774</u> | <u>357,770,936</u> |
| Excess (deficiency) of revenues over expenditures | 52,746,824 | (42,660,093) | (7,237,068) | 2,849,663 |
| Other financing sources (uses) | | | | |
| Proceeds from debt | - | - | 45,985,000 | 45,985,000 |
| Premium on debt | - | - | 1,545,475 | 1,545,475 |
| Payments to bond escrow agent | - | - | (18,681,223) | (18,681,223) |
| Payment of WRS liability | - | - | (29,356,564) | (29,356,564) |
| Transfers in | 258,940 | 42,846,364 | 5,005,795 | 48,111,099 |
| Transfers out | (47,852,159) | (186,271) | (72,669) | (48,111,099) |
| Net change in fund balances | 5,153,605 | - | (2,811,254) | 2,342,351 |
| Fund balances - beginning of year | <u>35,338,811</u> | <u>-</u> | <u>6,973,943</u> | <u>42,312,754</u> |
| Fund balances - end of year | <u>\$ 40,492,416</u> | <u>\$ -</u> | <u>\$ 4,162,689</u> | <u>\$ 44,655,105</u> |

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

**MADISON METROPOLITAN SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

| | | |
|---|--------------------|---------------------|
| Net change in fund balances - total governmental funds | | \$ 2,342,351 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense reported in the statement of activities. | | |
| Capital outlay reported in governmental fund statements | \$ 82,688 | |
| Depreciation expense reported in the statement of activities | <u>(5,880,305)</u> | |
| Amount by which capital outlays are greater than depreciation | | (5,797,617) |
| Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. | | |
| Special termination of benefits paid in current year | 6,096,091 | |
| Special termination of benefits earned in current year | <u>(6,727,247)</u> | |
| Amounts paid are less than amounts earned | | (631,156) |
| An implicit rate subsidy is incurred by the district as retired employees are covered by the District's insurance plan. | | |
| Employer contributions in the current year to the implicit rate subsidy | 853,481 | |
| Actuarially determined costs of the implicit rate subsidy | <u>(1,854,184)</u> | |
| Amounts paid are less than amounts incurred | | (1,000,703) |
| Sick leave is reported in government funds when amounts are paid. The statement of activities reports the expected value of sick leave funds being used for future benefit to the employee. | | |
| | | 447,445 |
| The prior service liability of the Wisconsin Retirement System was paid off by the District in January, 2010. | | |
| Contributions made in current year through interest forgiven | 2,072,506 | |
| Amount paid to WRS | <u>29,356,564</u> | |
| | | 31,429,070 |
| 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 assets, and does not affect the statement of activities. | | |
| The amount of long-term obligations principal payments in the current year | | 50,697,366 |
| Long Term Bonds are reported in governmental funds as an other financing source, but are reported as an increase in outstanding long-term debt statement of net assets, and does not affect the statement of activities. | | |
| The amount of long term bonds incurred is: | | (75,430,000) |
| Loss on advance refunding is reported in governmental funds as an other financing use, but should be amortized over the life of the remaining refunded bonds in the statement of activities. | | |
| The amount of refunding loss to be amortized is: | 1,281,223 | |
| Current year amortization | <u>(522,798)</u> | |
| | | 758,425 |
| 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. | | |
| The amount of premium/discount to be amortized over the remaining life of the bonds is: | (875,376) | |
| Current year amortization of premium/discount | <u>52,301</u> | |
| | | (823,075) |
| The District disposed of outdated computers/equipment resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net assets as a net loss and has no effect on the governmental fund balance sheet: | | |
| The value of capital assets disposed of during the year was: | 283,189 | |
| The amount of depreciation recapture for the year was: | <u>(280,616)</u> | |
| The difference in the value of assets net of recaptured depreciation creates a loss of: | | (2,573) |
| In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred. | | |
| The amount of interest paid during the current period | 1,979,423 | |
| The amount of interest accrued during the current period | <u>(2,286,980)</u> | |
| Interest paid is more than interest accrued by | | (307,557) |
| Change in net assets - governmental activities | | \$ 1,681,976 |

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

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 June 30, 2010

| | <u>Scholarship Fund</u> | <u>Agency Fund</u> |
|------------------------------|-----------------------------|------------------------|
| Assets | | |
| Cash and investments | \$ 1,012,260 | \$ 563,357 |
| Due from other funds | 4,364 | 30 |
| Interest receivable | <u>64</u> | <u>-</u> |
| Total assets | <u>\$ 1,016,688</u> | <u>\$ 563,387</u> |
| Liabilities | | |
| Due to other funds | \$ - | \$ - |
| Due to student organizations | <u>-</u> | <u>563,387</u> |
| Total liabilities | <u>-</u> | <u>\$ 563,387</u> |
| Net assets | | |
| Restricted | <u>\$ 1,016,688</u> | |

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

**MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2010**

| | <u>Scholarship Fund</u> |
|---|--------------------------------|
| Additions | |
| Interest income | \$ 5,937 |
| Gifts and contributions | <u>205,388</u> |
| Total additions | <u>211,325</u> |
| Deductions | |
| Scholarships and awards paid | <u>270,278</u> |
| Change in net assets | (58,953) |
| Net assets - beginning of year | <u>1,075,641</u> |
| Net assets - end of year | <u><u>\$ 1,016,688</u></u> |

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

This report includes all funds of the Madison Metropolitan School District. The reporting entity for the District consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: 1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; 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. This report does not contain any component units.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION

District-wide Statements

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

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

Fund Financial Statements

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

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

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

The District reports the following major governmental funds:

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.

Special Education Fund - This fund accounts for activities associated with providing educational programs for students with disabilities. Sources include financial aid received from the state and federal government and payments from other school districts. Excess expenditures of the fund are financed with a transfer from the General Fund. This fund is required to be reported as a major fund 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 for the acquisition of technology.

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

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

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

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

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

C. MEASUREMENT FOCUS & BASIS OF ACCOUNTING

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

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

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

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

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

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETARY ACCOUNTING

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

E. INVESTMENTS

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

F. PROPERTY TAXES

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

The District's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. ACCOUNTS RECEIVABLE

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

H. INVENTORIES AND PREPAID SUPPLIES

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

I. LONG-TERM OBLIGATIONS

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

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

J. EQUITY CLASSIFICATIONS

Net Assets

On the district-wide financial statements, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets reported as unrestricted are all other net assets that do not meet the definition of restricted in invested in capital assets, net of related debt.

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. EQUITY CLASSIFICATIONS (Continued)

Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund equity reserves have been established for inventories and prepaid expenditures and debt service funds.

Unreserved fund balance includes funds set aside by management for specific uses, which are labeled as designated fund balance. The balance of unreserved fund balance is labeled as undesignated, which indicates it is available for appropriation.

K. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported in the fund statements as "due to and due from other funds"; long-term interfund loans (non current portion) are reported as advances from and to other funds." Interfund receivables and payables are eliminated in the statement of net assets.

L. COMPENSATED ABSENCES

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

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

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES (Continued)

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

As provided in applicable negotiated contracts, certified District employees meeting a minimum age and length of service requirement may participate in the District's group health and insurance program. The District bears the cost of the employee's participation up to the maximum amount it pays for active employees. For the year ending June 30, 2010 there were 902 participants and expenditures on a pay-as-you-go basis were \$3,244,399. The District's health and insurance program liability at June 30, 2010 was \$70,316,843, which represents \$45,956,645 for currently active employees and \$24,360,198 for retirees.

As provided in applicable negotiated contracts, certified District employees meeting a minimum age and length of service requirement are eligible to receive early retirement benefits of 19% of the employee's salary for three years. For the year ending June 30, 2010, there were 300 participants and expenditures on a pay-as-you-go basis were \$2,851,692. After applying a discount rate of 3%, the present value of the District's early retirement liability at June 30, 2010 was \$5,671,018.

M. OTHER POST EMPLOYMENT BENEFITS

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. For active employees, the District contributes 90% and the employee contributes 10% of the current year premium for administrative employees and teachers electing WPS insurance coverage. The District contributes 100% of the current year premium for teachers electing coverage other than WPS insurance and all other non-administrative employees covered under the plan. The net OPEB obligation at June 30, 2010 was \$3,155,927.

N. CAPITAL ASSETS

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

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. CAPITAL ASSETS (Continued)

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

O. USE OF ESTIMATES

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

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

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

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

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 assets.

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 | \$ 2,750 | \$ - | |
| Deposits | | | |
| Demand deposits, interest bearing | 318,516 | 179,826 | Custodial |
| Certificates of deposit | <u>137,577</u> | <u>275,767</u> | Custodial |
| Total deposits | <u>456,093</u> | <u>455,593</u> | |
| Investments | | | |
| U. S. Treasury Notes | 131,041 | 131,041 | Interest rate |
| Investment Pools | | | |
| Wisconsin Investment Cooperative Series | 10,085,499 | 14,238,926 | Interest rate and credit |
| City of Madison Investment Pool | 43,975,688 | 43,975,688 | Interest rate and credit |
| Local Government Investment Pool | <u>7,083</u> | <u>7,083</u> | Interest rate and credit |
| Total investments | <u>54,199,311</u> | <u>58,352,738</u> | |
| Total cash and investments | <u>\$ 54,658,154</u> | <u>\$ 58,808,331</u> | |
| Reconciliation to the Financial Statements | | | |
| Statement of Net Assets | \$ 53,082,537 | | |
| Statement of Fiduciary Net Assets | | | |
| Scholarship Fund | 1,012,260 | | |
| Agency Fund | <u>563,357</u> | | |
| Total cash and investments | <u>\$ 54,658,154</u> | | |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited coverage for noninterest bearing accounts.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 - CASH AND INVESTMENTS (Continued)

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at 10, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

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

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

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

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

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

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 3 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Deposits - Custodial risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's investment policy does not address custodial credit risk for deposits.

As of June 30, 2010, none of the District's bank balance of \$455,593 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

As of June 30, 2010, the District does not have investments subject to this risk.

Credit Risk

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

Wisconsin Statutes limit investments in commercial paper and corporate bonds to securities which bear a rating in the top two rating categories issued by recognized statistical rating organizations. As of June 30, 2010, the District is exposed to credit risk with investments in the following:

| <u>Investment type</u> | <u>Fair Value</u> | <u>Moody's Rating</u> |
|---|-----------------------------|-----------------------|
| Wisconsin Investment Cooperative Series | \$ 10,085,499 | Not rated |
| City of Madison Investment Pool | 43,975,688 | Not rated |
| Local Government Investment Pool | <u>7,083</u> | Not rated |
| Total fair value of investments subject to credit risk | <u>\$ 54,068,270</u> | |

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 3 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy does not address interest rate risk. As of June 30, 2010, the District's investments were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity</u> |
|---|-------------------|-----------------|
| U. S. Treasury Notes | \$ 131,041 | Not available |
| Wisconsin Investment Cooperative Series | 10,085,499 | Not available |
| City of Madison Investment Pool | 43,975,688 | Not available |
| Local Government Investment Pool | 7,083 | 88 Days |

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|------------------|---------------------------|
| | (Restated) | | | |
| Capital assets not being depreciated: | | | | |
| Sites (land) | \$ 9,395,541 | \$ - | \$ - | \$ 9,395,541 |
| Capital assets being depreciated: | | | | |
| Site improvements | 2,701,316 | - | - | 2,701,316 |
| Buildings and building improvements | 245,968,919 | - | - | 245,968,919 |
| Furniture and equipment | <u>24,142,923</u> | <u>82,688</u> | <u>283,189</u> | <u>23,942,422</u> |
| Total capital assets being depreciated | <u>272,813,158</u> | <u>82,688</u> | <u>283,189</u> | <u>272,612,657</u> |
| Accumulated depreciation: | | | | |
| Site Improvements | 1,495,804 | 90,461 | - | 1,586,265 |
| Building & building improvements | 110,633,002 | 4,280,136 | - | 114,913,138 |
| Furniture and equipment | <u>17,458,955</u> | <u>1,509,708</u> | <u>280,616</u> | <u>18,688,047</u> |
| Total accumulated depreciation | <u>129,587,761</u> | <u>5,880,305</u> | <u>280,616</u> | <u>135,187,450</u> |
| Total capital assets being depreciated, net of accumulated depreciation | <u>143,225,397</u> | <u>(5,797,617)</u> | <u>2,573</u> | <u>137,425,207</u> |
| Governmental activities capital assets, net of accumulated depreciation | <u>\$ 152,620,938</u> | <u>\$ (5,797,617)</u> | <u>\$ 2,573</u> | <u>\$ 146,820,748</u> |

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

| | | |
|---|-----------|-------------------------|
| Regular instruction | \$ | 607,903 |
| Vocational instruction | | 132,749 |
| Other instruction | | 107,780 |
| Pupil services | | 167,826 |
| Instructional staff services | | 174,272 |
| General administration | | 418,352 |
| Depreciation not charged to a specific function | | <u>4,271,423</u> |
| | \$ | <u>5,880,305</u> |

NOTE 5 - INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payable balances in the fund financial statements on June 30, 2010, are as follows:

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|----------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 643,217 | \$ 3,194,611 |
| Special Revenue Trust Fund | 505,600 | - |
| Special Education Fund | - | 183,925 |
| Debt Service Fund | 280,000 | - |
| Capital Projects Fund | 719,708 | - |
| Food Service Fund | - | 337,922 |
| Community Service Fund | 1,535,247 | - |
| Package Coop Fund | <u>28,292</u> | <u>-</u> |
| | 3,712,064 | 3,716,458 |
| Fiduciary Trust Fund | 4,364 | - |
| Agency Fund | <u>30</u> | <u>-</u> |
| Totals | <u>\$ 3,716,458</u> | <u>\$ 3,716,458</u> |

The net amount due from the Fiduciary Trust and Agency Funds of \$4,394 is reported as an external accounts receivable in the statement of net assets.

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 5 - INTERFUND BALANCES AND ACTIVITY (Continued)

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------|--------------------------|--------------------------|
| General Fund | \$ 258,940 | \$ 47,852,159 |
| Special Education Fund | 42,846,364 | 186,271 |
| Debt Service Fund | 4,234,909 | - |
| Capital Projects Fund | - | 43,119 |
| Community Service Fund | - | 19,376 |
| Package Coop Fund | <u>770,886</u> | <u>10,174</u> |
| Totals | <u>\$ 48,111,099</u> | <u>\$ 48,111,099</u> |

The District transfers from the General Fund to the Special Education Fund to cover any costs not covered by direct revenues, to the Debt Service Fund to cover any debt payments not covered by tax levy and to the Package Co-op Fund to cover the District's share of program costs.

The District transfers the portion of bond proceeds for capital projects not needed for the project to the Debt Service Fund. The District transfers from the Community Service Fund to the General Fund to cover costs paid by the General Fund.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 - FUND BALANCES

The components of the governmental fund balances are as follows:

| | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--------------------------|-------------------------|--|----------------------|
| Reserved | | | |
| Inventories and prepaids | \$ 385,879 | \$ 149,655 | \$ 535,534 |
| Bassett fund | 426,950 | - | 426,950 |
| Debt service | - | 1,294,722 | 1,294,722 |
| | <u>812,829</u> | <u>1,444,377</u> | <u>2,257,206</u> |
| Total reserved | | | |
| Unreserved, designated | | | |
| Cash flow | 39,251,098 | - | 39,251,098 |
| School activities | 428,489 | - | 428,489 |
| Donations and projects | - | 505,600 | 505,600 |
| Capital improvements | - | 726,791 | 726,791 |
| Community service | - | 1,606,497 | 1,606,497 |
| Unreserved, undesignated | - | (120,576) | (120,576) |
| | <u>39,679,587</u> | <u>2,718,312</u> | <u>42,397,899</u> |
| Total unreserved | | | |
| | <u>\$ 40,492,416</u> | <u>\$ 4,162,689</u> | <u>\$ 44,655,105</u> |
| Totals | | | |

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

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2010.

| <u>Individual Fund</u> | <u>Excess Expenditures</u> |
|-------------------------|--------------------------------|
| Debt Service (nonmajor) | \$ 687,275 |

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 8 - SHORT-TERM DEBT

The District issues tax anticipation notes in advance of property tax collections. The notes are necessary because payments for the year begin in July whereas the tax collections are received from the municipalities beginning in January. The District also issued note anticipation notes for payment of the unfunded retirement liability prior to obtaining long term financing. Short-term debt activity for the year ended June 30, 2010 was as follows:

| | <u>Beginning Balance</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|----------------------|---------------------------|
| Tax anticipation notes, due September 4, 2009 | \$ 64,000,000 | \$ - | \$ 64,000,000 | \$ - |
| Tax anticipation notes, due September 3, 2010 | - | 68,500,000 | - | 68,500,000 |
| Note anticipation notes, due March 26, 2010 | - | 29,445,000 | 29,445,000 | - |
| Totals | <u>\$ 64,000,000</u> | <u>\$ 97,945,000</u> | <u>\$ 93,445,000</u> | <u>\$ 68,500,000</u> |

NOTE 9 - LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------------|------------------------------|----------------------|----------------------|---------------------------|--------------------------------|
| Notes and loans | \$ 600,000 | \$ 29,445,000 | \$ 29,445,000 | \$ 600,000 | \$ - |
| Bonds | 42,865,000 | 45,985,000 | 20,055,000 | 68,795,000 | 5,635,000 |
| Deferred amounts for premium/discount | - | 875,376 | 52,301 | 823,075 | - |
| Deferred amount for refunding loss | - | (1,281,223) | (522,798) | (758,425) | - |
| Total general obligation debt | 43,465,000 | 75,024,153 | 49,029,503 | 69,459,650 | 5,635,000 |
| Capital leases | 5,682,990 | - | 1,197,367 | 4,485,623 | 1,248,631 |
| Unfunded retirement liability | 31,429,070 | - | 31,429,070 | - | - |
| Other postemployment benefits | 2,155,224 | 1,854,184 | 853,481 | 3,155,927 | - |
| Vested employee benefits | 75,804,148 | 6,727,247 | 6,543,534 | 75,987,861 | 6,635,956 |
| Totals | <u>\$ 158,536,432</u> | <u>\$ 83,605,584</u> | <u>\$ 89,052,955</u> | <u>\$ 153,089,061</u> | <u>\$ 13,519,587</u> |

Payments on bonds and notes are made by the debt service fund. Capital leases are paid by the general and food service funds. Vested employee benefits will be liquidated by several of the governmental funds.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Details of the vested employee benefits are shown below:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| Sick leave liability | | | | | |
| Currently active employees | \$ 46,404,088 | \$ - | \$ 447,443 | \$ 45,956,645 | \$ 689,350 |
| Retirees | 23,870,591 | 3,734,006 | 3,244,399 | 24,360,198 | 3,244,399 |
| Early retirement benefit liability | <u>5,529,469</u> | <u>2,993,241</u> | <u>2,851,692</u> | <u>5,671,018</u> | <u>2,702,207</u> |
| Totals | <u>\$ 75,804,148</u> | <u>\$ 6,727,247</u> | <u>\$ 6,543,534</u> | <u>\$ 75,987,861</u> | <u>\$ 6,635,956</u> |

GENERAL OBLIGATION DEBT

All general obligation debt is secured by the full faith, credit, and unlimited taxing powers of the District. General obligation debt at June 30, 2010, is comprised of the following individual issues:

| <u>Description</u> | <u>Issue Dates</u> | <u>Average Interest Rates %</u> | <u>Dates of of Maturity</u> | <u>Balance June 30, 2010</u> |
|--------------------|------------------------|---|-------------------------------------|----------------------------------|
| QZAB payable | 4/15/2002 | 1.50% | 4/15/2012 | \$ 350,000 |
| QZAB payable | 12/28/2004 | 0.00% | 12/28/2014 | 250,000 |
| Bonds payable | 6/1/1997 | 5.22% | 4/1/2017 | 325,000 |
| Bonds payable | 4/1/2000 | 5.53% | 10/1/2020 | 1,025,000 |
| Bonds payable | 3/15/2007 | 3.95% | 9/1/2026 | 21,460,000 |
| Bonds payable | 10/23/2009 | 2.28% | 10/1/2020 | 17,490,000 |
| Bonds payable | 3/26/2010 | 5.08% | 3/1/2027 | <u>28,495,000</u> |
| Total | | | | <u>\$ 69,395,000</u> |

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

GENERAL OBLIGATION DEBT (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt on June 30, 2010, follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2011 | \$ 5,635,000 | \$ 2,903,118 | \$ 8,538,118 |
| 2012 | 3,870,000 | 2,741,583 | 6,611,583 |
| 2013 | 3,070,000 | 2,565,021 | 5,635,021 |
| 2014 | 3,155,000 | 2,484,421 | 5,639,421 |
| 2015 | 4,120,000 | 2,401,321 | 6,521,321 |
| 2016-2020 | 23,265,000 | 9,257,744 | 32,522,744 |
| 2021-2025 | 19,990,000 | 4,969,815 | 24,959,815 |
| 2026-2027 | <u>6,290,000</u> | <u>584,404</u> | <u>6,874,404</u> |
| Totals | <u>\$ 69,395,000</u> | <u>\$ 27,907,427</u> | <u>\$ 97,302,427</u> |

The 2010 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$23,574,057,086. The legal debt limit and margin of indebtedness as of June 30, 2010, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

| | |
|--------------------------------------|-------------------------|
| Debt limit (10% of \$23,574,057,086) | \$ 2,357,405,709 |
| General obligation debt outstanding | <u>69,395,000</u> |
| Margin of indebtedness | <u>\$ 2,288,010,709</u> |

ADVANCE REFUNDING

The District issued \$17,490,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$17,400,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,281,223. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$925,954 and resulted in an economic gain of \$1,164,812. The amount of refunded debt still outstanding at June 30, 2010 is \$10,300,000.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

CAPITAL LEASES

The following is an analysis of the leased property under capital leases by major classes on June 30, 2010:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Depreciation Expense</u> |
|-----------------------|--------------|-------------------------------------|---------------------------------|
| Equipment | \$ 4,000,000 | \$ 1,118,867 | \$ 319,676 |
| Software | 3,724,927 | 69,586 | 19,882 |
| Building Improvements | 936,966 | 9,369 | 18,739 |

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2010:

| <u>Year Ended June 30,</u> | |
|---|---------------------|
| 2011 | \$ 1,420,288 |
| 2012 | 1,119,277 |
| 2013 | 1,119,277 |
| 2014 | 1,114,414 |
| 2015 | <u>115,236</u> |
| Total minimum lease payments | 4,888,492 |
| Amount representing interest | <u>402,869</u> |
| Present value of net minimum lease payments | <u>\$ 4,485,623</u> |

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plan

All eligible District employees participate in the Wisconsin Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (nonteachers) and 440 hours a year (teachers) are eligible to participate in the System. Covered employees in the General/Teacher category are required by statute to contribute 5.6% of their salary to the plan. Employers may make these contributions to the plan on behalf of employees, which the District does. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (Continued)

The payroll for employees covered by the system for the year ended June 30, 2010, was \$190,862,863; the employer's total payroll was \$202,308,500. The total required contribution for the year ended June 30, 2010 was \$21,502,299 or 11.3% which consisted of \$9,859,072 or 5.17% of covered payroll from the employer and \$11,643,227 or 6.13% of covered payroll from the employee. Total contributions for the years ended June 30, 2009 and 2008 were \$20,977,814 and \$21,146,913, respectively, equal to the required contributions for the year.

Employees who retire at or after age 65 are entitled to receive a retirement benefit. Employees may retire at age 55 and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employees' three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation 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 are immediately vested.

The District's pension related debt at June 30, 2010 was \$-0-.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the State Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

Administrator's Retirement Plan

The District has an administrators' retirement plan which covers eligible administrators with over 10 years of experience with the District. The plan requires contributions by administrators electing to participate in the plan. The District is required to make a defined contribution ranging from \$30,000 to \$36,000 to the plan upon the administrators' retirement for administrators with at least 15 years of service. The District contributed \$177,155 to the plan for the year ended June 30, 2010.

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 12 - SELF-FUNDED INSURANCE PROGRAMS

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

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

At June 30, 2010, the District reported a liability of \$1,315,301, which represents an estimate of reported and unreported claims and premiums which were incurred on or before June 30, 2010, but were not paid by the District as of that date. This amount consists of claims reported to the District by the plan administrator, claims reported to the plan administrator but not the District and claims which were not yet reported to either the plan administrator or the District.

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

Reported claims and claims incurred but not reported:

| | <u>Beginning Balance</u> | <u>Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Ending Balance</u> |
|-------------|------------------------------|--|---------------------------|---------------------------|
| 2008 - 2009 | \$ 1,134,545 | \$ 3,486,144 | \$ 3,346,337 | \$ 1,274,352 |
| 2009 - 2010 | 1,274,352 | 3,430,990 | 3,390,041 | 1,315,301 |

NOTE 13 - LIMITATION ON SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

NOTE 14 - RISK MANAGEMENT

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 15 - POST EMPLOYMENT BENEFITS

Annual OPEB Cost and Net OPEB Obligation

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

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

For active employees, the District contributes 90% and the employee contributes 10% of the current year premium for administrative employees and teachers electing WPS insurance coverage. The District contributes 100% of the current year premium for teachers electing coverage other than WPS insurance and all other nonadministrative employees covered under the plan.

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years using the level percentage of projected payroll method. The remaining amortization period at June 30, 2010 was 27 years.

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

| | |
|--|---------------------|
| Annual required contribution | \$ 1,833,106 |
| Interest on annual required contribution | 96,985 |
| Adjustment to annual required contribution | (75,907) |
| Contributions made | <u>(853,481)</u> |
| | |
| Increase in net OPEB obligation | 1,000,703 |
| | |
| Net OPEB obligation, beginning of year | <u>2,155,224</u> |
| | |
| Net OPEB obligation, end of year | <u>\$ 3,155,927</u> |

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 15 - POST EMPLOYMENT BENEFITS (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for June 30, 2010 and the 2 preceding years were as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-----------------------|-----------------------------|---|------------------------------------|
| 6/30/2008 | \$ 1,885,330 | 46.69% | \$ 1,005,023 |
| 6/30/2009 | 1,977,974 | 41.85% | 2,155,224 |
| 6/30/2010 | 1,854,184 | 46.03% | 3,155,927 |

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 is as follows:

| | |
|---|----------------------|
| Actuarial accrued liability (AAL) | \$ 27,385,367 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 27,385,367</u> |
| Covered payroll (active plan members) | \$ 196,887,477 |
| UAAL as a percentage of covered payroll | 13.9% |

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

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 15 - POST EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

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

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

1. **Interest Discount Rate:** 4.5% compounded annually.
2. **Inflation:** 3.25%
3. **Wage inflation:** 4.10%
4. **Mortality:** Healthy-Retiree, Disabled-Retiree and Healthy Active rates used were from the WRS December 31, 2008 actuarial valuation report.
5. **Employee Turnover/Withdrawal:** Ten-year select and ultimate rates of WRS for General were used from the WRS December 31, 2008 actuarial valuation report.
6. **Disablement:** WRS disability rates for General were used from the WRS December 31, 2008 actuarial valuation report.
7. **Retirement:** WRS retirement rates for General were used from the WRS December 31, 2008 actuarial valuation report.
8. **Percentage of Family Retirees Electing Family Coverage:**
 - Future retirees: 60% of future retirees assumed to elect two person coverage at retirement.
 - Current retirees: Actual family coverage election.
9. **Percentage of Retirees Participating in Retiree Medical Coverage:**
 - Future retirees: 76% of future retirees are expected to participate in the District's retiree medical coverage, as of their retirement date.
 - Current retirees: Actual retiree participation.
10. **Age Difference of Active Employees and Spouses:** Females are assumed to be 3 years younger than the spouse.

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 15 - POST EMPLOYMENT BENEFITS (Continued)

11. Annual Medical Trend Rate Assumptions: The following health care trend rates are based on recent experience, the experience of medical insurers, the Actuary's future trend expectations, and management's judgment.

| <u>Calendar Year</u> | <u>Healthcare Trend</u> |
|----------------------|-------------------------|
| 2010 | 10.00% |
| 2011 | 9.00% |
| 2012 | 8.00% |
| 2013 | 7.00% |
| 2014 | 6.00% |
| 2015 | 5.00% |
| 2016+ | 4.50% |

12. Expected Sick Leave and Vacation Balances at Retirement: All eligible members are assumed to have 12 months of converted accumulated sick leave at retirement.

13. Participant Data: The actuary relied on the following participant data as of July 1, 2009.

| <u>Members</u> | <u>Participant Count</u> | <u>Average Age</u> | <u>Average Service</u> |
|----------------|--------------------------|--------------------|------------------------|
| Active | 4,241 | 44.3 | 11.2 |

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement established accounting and financial reporting requirements for intangible assets, enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The District will implement Statement No. 51 beginning with the year ending June 30, 2011.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The District will implement Statement No. 53 beginning with the year ending June 30, 2011.

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement will enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District will implement Statement No. 54 beginning with the year ending June 30, 2012.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 17 - PRIOR PERIOD ADJUSTMENT

Capital asset balances as of July 1, 2009 have been increased by \$2,538,377 to account for additions and disposals that occurred in prior years. Net assets have been restated as follows:

| | <u>Governmental Activities</u> |
|--|---|
| Balance, June 30, 2009, as previously reported | \$ 33,250,658 |
| Restatement for capital assets | <u>2,538,377</u> |
| Balance, June 30, 2009, restated | <u>\$ 35,789,035</u> |

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

REQUIRED SUPPLEMENTARY INFORMATION

MADISON METROPOLITAN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL (Unaudited)
For the Year Ended June 30, 2010

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|----------------------|----------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Revenues | | | | |
| Property taxes | \$221,296,204 | \$ 219,106,466 | \$219,110,498 | \$ 4,032 |
| Other local sources | 6,772,149 | 6,787,218 | 5,262,097 | (1,525,121) |
| Interdistrict sources | 1,264,195 | 1,287,560 | 1,130,227 | (157,333) |
| Intermediate sources | 17,481 | 48,591 | 31,005 | (17,586) |
| State sources | 63,283,256 | 63,584,923 | 60,556,584 | (3,028,339) |
| Federal sources | 12,624,904 | 15,880,470 | 14,622,939 | (1,257,531) |
| Other sources | 302,296 | 507,596 | 872,038 | 364,442 |
| Total revenues | <u>305,560,485</u> | <u>307,202,824</u> | <u>301,585,388</u> | <u>(5,617,436)</u> |
| Expenditures | | | | |
| Instruction: | | | | |
| Regular instruction | 131,770,111 | 130,625,304 | 128,761,336 | 1,863,968 |
| Vocational instruction | 4,716,007 | 4,749,822 | 4,310,015 | 439,807 |
| Special instruction | 197,082 | 198,082 | 252,964 | (54,882) |
| Other instruction | 9,949,845 | 9,983,916 | 9,881,057 | 102,859 |
| Total instruction | <u>146,633,045</u> | <u>145,557,124</u> | <u>143,205,372</u> | <u>2,351,752</u> |
| Support services: | | | | |
| Pupil services | 10,522,703 | 10,819,668 | 10,247,726 | 571,942 |
| Instructional staff services | 16,591,010 | 18,502,078 | 15,729,861 | 2,772,217 |
| General administration services | 25,608,769 | 25,720,623 | 24,689,675 | 1,030,948 |
| Building administration services | 27,845,648 | 27,853,799 | 25,570,862 | 2,282,937 |
| Pupil transportation | 6,199,297 | 6,201,721 | 5,783,322 | 418,399 |
| Principal and interest | 1,856,533 | 1,856,533 | 1,862,027 | (5,494) |
| Other support services | 17,771,205 | 18,238,824 | 17,253,756 | 985,068 |
| Total support services | <u>106,395,165</u> | <u>109,193,246</u> | <u>101,137,229</u> | <u>8,056,017</u> |
| Non-program | 4,110,113 | 4,089,305 | 4,495,963 | (406,658) |
| Total expenditures | <u>257,138,323</u> | <u>258,839,675</u> | <u>248,838,564</u> | <u>10,001,111</u> |
| Excess (deficiency) of revenues over expenditures | 48,422,162 | 48,363,149 | 52,746,824 | 4,383,675 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 258,940 | 258,940 |
| Transfers out | (51,046,222) | (51,055,241) | (47,852,159) | 3,203,082 |
| Net change in fund balance | (2,624,060) | (2,692,092) | 5,153,605 | 7,845,697 |
| Fund balance - beginning of year | <u>35,338,811</u> | <u>35,338,811</u> | <u>35,338,811</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 32,714,751</u> | <u>\$ 32,646,719</u> | <u>\$ 40,492,416</u> | <u>\$ 7,845,697</u> |

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

MADISON METROPOLITAN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL EDUCATION FUND
BUDGET AND ACTUAL (Unaudited)
For the Year Ended June 30, 2010

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Revenues | | | | |
| Other local sources | \$ 40,000 | \$ 40,000 | \$ - | \$ (40,000) |
| Interdistrict sources | 570,000 | 570,000 | 394,977 | (175,023) |
| Intermediate sources | - | 500 | 2,075 | 1,575 |
| State sources | 16,575,507 | 16,575,508 | 17,867,957 | 1,292,449 |
| Federal sources | 9,930,865 | 10,232,516 | 10,032,496 | (200,020) |
| Total revenues | <u>27,116,372</u> | <u>27,418,524</u> | <u>28,297,505</u> | <u>878,981</u> |
| Expenditures | | | | |
| Instruction: | | | | |
| Regular instruction | 313,887 | 323,829 | 418,063 | (94,234) |
| Special instruction | 53,653,523 | 53,506,363 | 51,012,132 | 2,494,231 |
| Other instruction | - | - | - | - |
| Total instruction | <u>53,967,410</u> | <u>53,830,192</u> | <u>51,430,195</u> | <u>2,399,997</u> |
| Support services: | | | | |
| Pupil services | 11,434,933 | 11,365,634 | 11,582,500 | (216,866) |
| Instructional staff services | 3,333,738 | 3,524,409 | 2,977,461 | 546,948 |
| General administration services | 264,411 | 262,624 | | 262,624 |
| Building administration services | 4,324 | 154,324 | 112,227 | 42,097 |
| Pupil transportation | 4,107,157 | 4,107,157 | 4,009,406 | 97,751 |
| Other support services | 810,134 | 767,673 | 381,715 | 385,958 |
| Total support services | <u>19,954,697</u> | <u>20,181,821</u> | <u>19,063,309</u> | <u>1,118,512</u> |
| Non-program | - | 212,246 | 464,094 | (251,848) |
| Total expenditures | <u>73,922,107</u> | <u>74,224,259</u> | <u>70,957,598</u> | <u>3,518,509</u> |
| Excess (deficiency) of revenues over expenditures | (46,805,735) | (46,805,735) | (42,660,093) | 4,145,642 |
| Other financing sources | | | | |
| Transfers out | - | - | (186,271) | (186,271) |
| Transfers in | 46,805,735 | 46,805,735 | 42,846,364 | (3,959,371) |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

**MADISON METROPOLITAN SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR RETIREE'S HEALTH PLAN
(UNAUDITED)
June 30, 2010**

| <u>Year Ended</u> | <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|-------------------|---------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| 6/30/2008 | 7/1/2007 | \$ - | \$ 27,206,766 | \$ 27,206,766 | 0% | \$182,790,049 | 14.9% |
| 6/30/2009 | 7/1/2007 | - | 28,478,910 | 28,478,910 | 0% | 182,790,049 | 15.6% |
| 6/30/2010 | 7/1/2009 | - | 27,385,367 | 27,385,367 | 0% | 196,887,477 | 13.9% |

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2010

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 the School Board resolution.

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

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

NOTE 2 - CAPITAL LEASES

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2010**

NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund and Special Education Fund in the amounts noted in the schedules below.

| <u>Function</u> | <u>Amount</u> |
|------------------------|---------------|
| General fund | |
| Instruction | |
| Special | \$ 54,882 |
| Support services | |
| Principal and Interest | 5,494 |
| Non-program | 406,658 |
| Special education fund | |
| Instruction | |
| Regular | 94,234 |
| Support Services | |
| Pupil Services | 216,866 |
| Non-program | 251,848 |

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

OTHER SUPPLEMENTARY INFORMATION

**MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010**

| | Special Revenue Trust Fund | Debt Service Fund | Food Service Fund | Capital Projects Fund | Community Service Fund | Package Co-op Fund | Total |
|--|-------------------------------------|-------------------------|-------------------------|-----------------------------|------------------------------|--------------------------|---------------------|
| Assets | | | | | | | |
| Cash and investments | \$ - | \$ 1,014,483 | \$ - | \$ 7,083 | \$ 75,408 | \$ - | \$ 1,096,974 |
| Receivables | - | 239 | 328,188 | - | - | 171,885 | 500,312 |
| Due from other funds | 505,600 | 280,000 | - | 719,708 | 1,535,247 | 28,292 | 3,068,847 |
| Inventory | - | - | 149,655 | - | - | - | 149,655 |
| Total assets | <u>\$ 505,600</u> | <u>\$ 1,294,722</u> | <u>\$ 477,843</u> | <u>\$ 726,791</u> | <u>\$ 1,610,655</u> | <u>\$ 200,177</u> | <u>\$ 4,815,788</u> |
| Liabilities and fund balances | | | | | | | |
| Liabilities | | | | | | | |
| Payroll and related benefits payable | \$ - | \$ - | \$ - | \$ - | \$ 4,158 | \$ - | \$ 4,158 |
| Deferred revenues | - | - | 110,842 | - | - | 200,177 | 311,019 |
| Due to other funds | - | - | 337,922 | - | - | - | 337,922 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>448,764</u> | <u>-</u> | <u>4,158</u> | <u>200,177</u> | <u>653,099</u> |
| Fund balances | | | | | | | |
| Reserved for debt service | - | 1,294,722 | - | - | - | - | 1,294,722 |
| Reserved for inventory | - | - | 149,655 | - | - | - | 149,655 |
| Designated for future projects | 505,600 | - | - | - | 1,606,497 | - | 2,112,097 |
| Designated for capital projects | - | - | - | 726,791 | - | - | 726,791 |
| Undesignated for food service | - | - | (120,576) | - | - | - | (120,576) |
| Total fund balances (deficit) | <u>505,600</u> | <u>1,294,722</u> | <u>29,079</u> | <u>726,791</u> | <u>1,606,497</u> | <u>-</u> | <u>4,162,689</u> |
| Total liabilities and fund balances | <u>\$ 505,600</u> | <u>\$ 1,294,722</u> | <u>\$ 477,843</u> | <u>\$ 726,791</u> | <u>\$ 1,610,655</u> | <u>\$ 200,177</u> | <u>\$ 4,815,788</u> |

MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

| | Special Revenue Trust Fund | Debt Service Fund | Food Service Fund | Capital Projects Fund | Community Service Fund | Package Co-op Fund | Total |
|--|-------------------------------------|-------------------------|-------------------------|-----------------------------|------------------------------|--------------------------|---------------------|
| Revenues | | | | | | | |
| Property taxes | \$ - | \$ 65,250 | \$ - | \$ 6,835,765 | \$ 8,298,483 | \$ - | \$ 15,199,498 |
| Other local sources | 1,253,632 | 1,899 | 2,933,137 | 17 | 2,411,624 | 3,230 | 6,603,539 |
| State sources | - | - | 189,480 | - | - | 108,000 | 297,480 |
| Federal sources | - | - | 6,600,512 | - | 971,781 | 207,629 | 7,779,922 |
| Other sources | - | 1,456 | - | - | - | 855,811 | 857,267 |
| Total revenues | <u>1,253,632</u> | <u>68,605</u> | <u>9,723,129</u> | <u>6,835,782</u> | <u>11,681,888</u> | <u>1,174,670</u> | <u>30,737,706</u> |
| Expenditures | | | | | | | |
| Instruction | | | | | | | |
| Regular instruction | 564,742 | - | - | - | - | - | 564,742 |
| Vocational instruction | 19,900 | - | - | - | - | 127,823 | 147,723 |
| Other instruction | 86,874 | - | - | - | - | - | 86,874 |
| Total instruction | <u>671,516</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>127,823</u> | <u>799,339</u> |
| Support services | | | | | | | |
| Pupil services | 11,631 | - | - | - | 55,150 | - | 66,781 |
| Instructional staff services | 81,895 | - | - | - | 993,641 | 369,648 | 1,445,184 |
| General administration services | 6,890 | - | - | - | 123,568 | 1,425,714 | 1,556,172 |
| Building administration services | 159,204 | - | 9,694,050 | 6,960,152 | 539,811 | - | 17,353,217 |
| Transportation | 57,093 | - | - | - | - | - | 57,093 |
| Community services | - | - | - | - | 11,429,363 | - | 11,429,363 |
| Other support services | 156,652 | - | - | - | - | 12,197 | 168,849 |
| Principal and interest | - | 5,098,776 | - | - | - | - | 5,098,776 |
| Total support services | <u>473,365</u> | <u>5,098,776</u> | <u>9,694,050</u> | <u>6,960,152</u> | <u>13,141,533</u> | <u>1,807,559</u> | <u>37,175,435</u> |
| Total expenditures | <u>1,144,881</u> | <u>5,098,776</u> | <u>9,694,050</u> | <u>6,960,152</u> | <u>13,141,533</u> | <u>1,935,382</u> | <u>37,974,774</u> |
| Excess (deficiency) of revenues over expenditures | 108,751 | (5,030,171) | 29,079 | (124,370) | (1,459,645) | (760,712) | (7,237,068) |
| Other financing sources (uses): | | | | | | | |
| Proceeds from debt | - | 45,985,000 | - | - | - | - | 45,985,000 |
| Premium on debt | - | 1,545,475 | - | - | - | - | 1,545,475 |
| Payments to bond escrow agent | - | (18,681,223) | - | - | - | - | (18,681,223) |
| Payment of WRS liability | - | (29,356,564) | - | - | - | - | (29,356,564) |
| Transfer in | - | 4,234,909 | - | - | - | 770,886 | 5,005,795 |
| Transfer out | - | - | - | (43,119) | (19,376) | (10,174) | (72,669) |
| Net change in fund balances | 108,751 | (1,302,574) | 29,079 | (167,489) | (1,479,021) | - | (2,811,254) |
| Fund balances - beginning of year | <u>396,849</u> | <u>2,597,296</u> | <u>-</u> | <u>894,280</u> | <u>3,085,518</u> | <u>-</u> | <u>6,973,943</u> |
| Fund balances - end of year | <u>\$ 505,600</u> | <u>\$ 1,294,722</u> | <u>\$ 29,079</u> | <u>\$ 726,791</u> | <u>\$ 1,606,497</u> | <u>\$ -</u> | <u>\$ 4,162,689</u> |

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE TRUST FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2010

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|--|-------------------|---|
| Revenues | | | |
| Local sources | \$ 1,041,825 | \$ 1,253,632 | \$ 211,807 |
| Expenditures | | | |
| Instruction: | | | |
| Regular instruction | 743,192 | 564,742 | 178,450 |
| Vocational instruction | 39,572 | 19,900 | 19,672 |
| Other instruction | 20,248 | 86,874 | (66,626) |
| Total instruction | <u>803,012</u> | <u>671,516</u> | <u>131,496</u> |
| Support services: | | | |
| Pupil services | 14,250 | 11,631 | 2,619 |
| Instructional staff services | 145,444 | 81,895 | 63,549 |
| General administration services | 230 | 6,890 | (6,660) |
| Building administration services | 247,116 | 159,204 | 87,912 |
| Transportation | 70,749 | 57,093 | 13,656 |
| Other support services | 165,354 | 156,652 | 8,702 |
| Total support services | <u>643,143</u> | <u>473,365</u> | <u>169,778</u> |
| Total expenditures | <u>1,446,155</u> | <u>1,144,881</u> | <u>301,274</u> |
| Net change in fund balance | (404,330) | 108,751 | 513,081 |
| Fund balance - beginning of year | <u>396,849</u> | <u>396,849</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ (7,481)</u> | <u>\$ 505,600</u> | <u>\$ 513,081</u> |

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2010

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--|---------------------|---|
| Revenues | | | |
| Property taxes | \$ 65,250 | \$ 65,250 | \$ - |
| Other sources | - | 1,456 | 1,456 |
| Interest earnings | - | 1,899 | 1,899 |
| | <u>65,250</u> | <u>68,605</u> | <u>3,355</u> |
| Expenditures | | | |
| Principal, interest and related uses | <u>4,411,501</u> | <u>5,098,776</u> | <u>(687,275)</u> |
| Excess (deficiency) of revenues over expenditures | (4,346,251) | (5,030,171) | (683,920) |
| Other financing sources: | | | |
| Proceeds from debt | - | 45,985,000 | 45,985,000 |
| Premium on debt | - | 1,545,475 | 1,545,475 |
| Payments to bond escrow agent | - | (18,681,223) | (18,681,223) |
| Payment of WRS liability | - | (29,356,564) | (29,356,564) |
| Transfer in | <u>3,015,322</u> | <u>4,234,909</u> | <u>1,219,587</u> |
| Net change in fund balance | (1,330,929) | (1,302,574) | 28,355 |
| Fund balance - beginning of year | <u>2,597,296</u> | <u>2,597,296</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 1,266,367</u> | <u>\$ 1,294,722</u> | <u>\$ 28,355</u> |

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2010

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--|-------------------|---|
| Revenues | | | |
| Property taxes | \$ 6,835,765 | \$ 6,835,765 | \$ - |
| Other local sources | - | 17 | 17 |
| Total revenues | <u>6,835,765</u> | <u>6,835,782</u> | <u>17</u> |
| Expenditures | | | |
| Building administration services | <u>7,509,198</u> | <u>6,960,152</u> | <u>549,046</u> |
| Total expenditures | <u>7,509,198</u> | <u>6,960,152</u> | <u>549,046</u> |
| Excess (deficiency) of revenues over expenditures | (673,433) | (124,370) | 549,063 |
| Other financing sources (uses) | | | |
| Transfer out | <u>-</u> | <u>(43,119)</u> | <u>(43,119)</u> |
| Net change in fund balance | (673,433) | (167,489) | 505,944 |
| Fund balance - beginning of year | <u>894,280</u> | <u>894,280</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 220,847</u> | <u>\$ 726,791</u> | <u>\$ 505,944</u> |

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOOD SERVICE FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2010

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--|------------------|---|
| Revenues | | | |
| Local sources | \$ 3,074,500 | \$ 2,933,137 | \$ (141,363) |
| State sources | 188,550 | 189,480 | 930 |
| Federal sources | <u>6,431,518</u> | <u>6,600,512</u> | <u>168,994</u> |
| Total revenues | <u>9,694,568</u> | <u>9,723,129</u> | <u>28,561</u> |
| Expenditures | | | |
| Building administration services | <u>10,010,359</u> | <u>9,694,050</u> | <u>316,309</u> |
| Total expenditures | <u>10,010,359</u> | <u>9,694,050</u> | <u>316,309</u> |
| Excess (deficiency) of revenues over expenditures | (315,791) | 29,079 | 344,870 |
| Other financing sources | | | |
| Transfer in | <u>315,791</u> | <u>-</u> | <u>(315,791)</u> |
| Net change in fund balance | - | 29,079 | 29,079 |
| Fund balance - beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ 29,079</u> | <u>\$ 29,079</u> |

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMMUNITY SERVICE FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2010

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--|---------------------|---|
| Revenues | | | |
| Property taxes | \$ 10,562,120 | \$ 8,298,483 | \$ (2,263,637) |
| Other local sources | - | 2,411,624 | 2,411,624 |
| Federal sources | <u>929,190</u> | <u>971,781</u> | <u>42,591</u> |
| Total revenues | <u>11,491,310</u> | <u>11,681,888</u> | <u>190,578</u> |
| Expenditures | | | |
| Instruction - regular instruction - pupil services | | | |
| Support services: | | | |
| Pupil services | 55,438 | 55,150 | 288 |
| Instructional staff services | 1,044,532 | 993,641 | 50,891 |
| Building administration services | 464,325 | 539,811 | (75,486) |
| General administration | 133,979 | 123,568 | 10,411 |
| Community services | 12,523,451 | 11,429,363 | 1,094,088 |
| Transportation | 33,160 | - | 33,160 |
| Other support services | <u>255,961</u> | <u>-</u> | <u>255,961</u> |
| Total expenditures | <u>14,510,846</u> | <u>13,141,533</u> | <u>1,369,313</u> |
| Excess (deficiency) of revenues over expenditures | (3,019,536) | (1,459,645) | 1,559,891 |
| Other financing uses | | | |
| Transfer out | <u>-</u> | <u>(19,376)</u> | <u>(19,376)</u> |
| Net change in fund balance | (3,019,536) | (1,479,021) | 1,540,515 |
| Fund balance - beginning of year | <u>3,085,518</u> | <u>3,085,518</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 65,982</u> | <u>\$ 1,606,497</u> | <u>\$ 1,540,515</u> |

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PACKAGE CO-OP FUND
For the Year Ended June 30, 2010

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--|------------------|---|
| Revenues | | | |
| Other school districts | \$ 969,721 | \$ 846,611 | \$ (123,110) |
| Federal sources | 203,782 | 207,629 | 3,847 |
| Local sources | 30,000 | 3,230 | (26,770) |
| State sources | 117,000 | 108,000 | (9,000) |
| Other sources | - | 9,200 | 9,200 |
| Total revenues | <u>1,320,503</u> | <u>1,174,670</u> | <u>(145,833)</u> |
| Expenditures | | | |
| Instruction - vocational instruction | <u>105,741</u> | <u>127,823</u> | <u>(22,082)</u> |
| Support services | | | |
| Instructional staff services | 446,517 | 369,648 | 76,869 |
| General administration | 1,640,584 | 1,425,714 | 214,870 |
| Other support services | <u>37,035</u> | <u>12,197</u> | <u>24,838</u> |
| Total support services | <u>2,124,136</u> | <u>1,807,559</u> | <u>316,577</u> |
| Total expenditures | <u>2,229,877</u> | <u>1,935,382</u> | <u>294,495</u> |
| Excess (deficiency) of revenues over expenditures | (909,374) | (760,712) | 148,662 |
| Other financing sources (uses) | | | |
| Transfers out | - | (10,174) | (10,174) |
| Transfers in | <u>909,374</u> | <u>770,886</u> | <u>(138,488)</u> |
| Net change in fund balance | - | - | - |
| Fund balance - beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |