

**MADISON METROPOLITAN
SCHOOL DISTRICT
Madison, Wisconsin**

**FINANCIAL STATEMENTS
June 30, 2023**

MADISON METROPOLITAN SCHOOL DISTRICT
Madison, Wisconsin

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Independent Auditor's Report

Board of Education
Madison Metropolitan School District
Madison, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison Metropolitan School District, (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

We draw attention to Note 1 of the financial statements. In 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability (asset) and schedule of contributions – Wisconsin Retirement System, schedule of total supplemental pension liability and schedule of changes in total supplemental pension liability, and schedule of total OPEB liability and schedule of changes in total OPEB liability and related ratios – retiree health, and notes to required supplementary information, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining general fund financial statements, and the combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Wipfli LLP
November 30, 2023
Madison, Wisconsin

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

This discussion and analysis of the Madison Metropolitan School District (the District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. The analysis generally focuses on District financial performance as a whole. It should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

In November 2020, the District's electors approved a four-year operating referendum to exceed the revenue limit and a \$317 million facilities referenda. The operating referendum gave the District an additional \$6 million in operating revenue limit authority in fiscal year 2021 and \$8 million, \$9 million, and \$10 million in subsequent years. The facilities referendum gave the District authority to issue the first \$106 million of bonds in Fiscal year 2021 to purchase the Badger Rock Middle School land and building and begin engineering and architectural work to consolidate and relocate an alternative high school and renovate 4 high schools. In May 2022, the District issued the second \$106 million in bonds. In June 2023, the District issued the final \$105 million in bonds complete construction on the new southside elementary school and renovation on the 4 high schools.

The District's government-wide financial statements reflect the following:

- Total net position of the District increased by \$7.98 million. The increase in net position was the result of careful meaningful budgeting and the following increase in revenues and increase in expenditures:
- Total revenues increased to \$547 million in fiscal year 2023, up from \$529 million in fiscal year 2022. An increase of 3.42% or \$18 million. The District tax levy included a \$9 million operating revenue limit increase approved by the November 2020 referendum. The District covered the costs of in person instruction and other pandemic related costs with \$18.8 million from the Federal Elementary and Secondary School Emergency Relief fund.
- Total expenses increased to \$539 million in fiscal year 2023, up from \$455 million in fiscal year 2022. An increase of 18.35% or \$84 million. Increases in costs due to the continued effects of the pandemic and inflation on the supply chain, resulted in \$9.4 million in special education and student services \$17.1 million in deferred maintenance on district buildings, \$1.5 million in transportation costs, \$2.3 million in child nutrition, and \$20 million increase in regular instruction. Changes in the valuation of WRS pension assets, liabilities, deferred inflows and deferred outflows resulted in a \$20.6 million increase in net pension expense.

The District's governmental fund statements reflect the following:

- Total fund balance for the District's governmental funds decreased \$61.3 million in fiscal year 2023. The decrease included a \$6.69 million decrease in the General Fund, a \$52.9 million decrease in the Capital Projects Funds and a \$1.68 million decrease in the Nonmajor Governmental Funds.
- The \$6.69 million decrease in the General Fund is due the spending of one-time revenue received in fiscal year 2022 including \$3.576 million from the Department of Administration Coronavirus Aid, Relief, and Economic Securities Act, \$1.43 million refund from the Department of Workforce Development for unemployment compensation, and \$1.22 million from FEMA.
- The \$52.9 million decrease in the Capital Projects Funds is the result of incurring expenditures in excess of the issuance of \$105 million of bonds for capital projects. During the year, the District incurred \$166 million of expenditures on construction in progress on the four high schools and the new southside elementary school.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
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- Total fund balances for all governmental funds on June 30, 2023, were \$227 million. Of this amount \$4.46 million was non-spendable, \$139 million was restricted for debt service, capital projects, donor restrictions, child nutrition, community service, self-funded insurance, training endowment, and common school library funds. \$4.1 million was assigned and \$80 million remains unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-wide financial statements

- The district-wide financial statements are the *statement of net position* and *statement of activities*. These statements present an aggregate view of the District's finances in a manner similar to private sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*. The District does not report any business-type activities.
- The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.

Fund financial statements

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

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

- 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, the capital project fund and the non-major funds. The general fund consists of the general operating fund and the special education fund. The non-major funds include the special revenue, debt service, food service, and community service funds. Data for the special revenue, debt service, food service, and community service funds are combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information on pages 70 and 71. The governmental fund financial statements are on pages 16 to 19 of this report.
- The District serves as a *fiduciary*, for student organizations. The assets of these organizations do not directly benefit the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations. *Fiduciary* fund statements are presented on pages 20 to 21.
- The District adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statement is on page 57 of this report.

Notes to the financial statements

The *notes to the financial statements* provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 22 to 55 of this report.

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

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net position, and Statement of activities.	Balance sheet, and	Statement of fiduciary net position, and
		Statement of revenues, expenditures, and changes in fund balance.	Statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting.	Modified accrual accounting.	Accrual accounting.
	Economic resources focus.	Current financial resources focus.	Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that comes due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS

The District as a Whole

Net position. Table 1, below, provides a summary of the District's net position for the years ended June 30, 2023, and 2022.

Table 1
Condensed Statements of Net Position

	Governmental Activities		
	2023	Restated 2022	% Change
Assets			
Current and other assets	\$ 333,697,825	\$ 515,656,893	-35.29%
Capital assets	406,697,777	226,229,780	79.77%
Total assets	740,395,602	741,886,673	-0.20%
Deferred Outflows of Resources	281,699,553	228,998,436	23.01%
Liabilities			
Long-term liabilities	516,119,969	352,782,903	46.30%
Other liabilities	107,963,132	112,195,897	-3.77%
Total liabilities	624,083,101	464,978,800	34.22%
Deferred Inflows of Resources	177,607,530	293,477,050	-39.48%
Net Position			
Net investment in capital assets	186,650,456	166,904,220	11.83%
Restricted	52,409,776	98,372,002	-46.72%
Unrestricted	(18,655,708)	(52,846,963)	-64.70%
Total Net Position	<u>\$ 220,404,524</u>	<u>\$ 212,429,259</u>	3.75%

In June 2023, the District issued \$105 million of referendum approved bonds to complete renovation of the four high schools, and the construction of a new elementary school. The Bond proceeds, reported as debt, are included in long term liabilities. As of June 30, 2023, the District had incurred \$203,563,621 of building acquisition and construction expenditures paid for with the bond proceeds reflected as an increase in capital assets. The unspent balance of the bond proceeds is restricted for the purposes specified in the bond issue and is reflected in current and other assets.

For the year ended June 30, 2023, the WRS reported a net pension liability. The District's share of the net pension liability was \$74,462,917. The decrease in deferred inflows of resources is the result of the net difference between projected and actual earnings on pension plan investments related to WRS.

The calculation of net investment in capital assets uses a historical cost for school buildings net of related debts that may not accurately reflect the current value. We carefully monitor and maintain our buildings within the District using general operating funds.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Change in net position. Table 2 shows the changes in net position for the fiscal years 2023 and 2022.

Table 2
Changes in Net Position from Operating Results

REVENUES	Governmental Activities		
	2023	2022	% Change
Program revenues			
Charges for services	\$ 13,701,218	\$ 12,073,506	13.48%
Operating grants & contributions	96,005,472	80,055,412	19.92%
General revenues			
Property taxes	362,664,153	364,529,522	-0.51%
General aid	67,948,402	72,173,713	-5.85%
Other	7,171,129	528,452	1257.01%
Total revenues	547,490,374	529,360,605	3.42%
EXPENSES			
Instruction	254,941,937	221,123,046	15.29%
Pupil and instructional services	74,059,005	62,568,247	18.37%
General administration services	31,556,997	24,917,041	26.65%
Building administration services	71,021,272	53,869,551	31.84%
Pupil transportation services	14,068,393	12,508,611	12.47%
Child nutrition	13,210,511	10,849,389	21.76%
Other support services	33,450,048	33,061,860	1.17%
Community services	15,237,409	12,433,959	22.55%
Interest on long-term debt	6,979,699	3,364,648	107.44%
Nonprogram	24,989,838	21,156,362	18.12%
Total expenses	539,515,109	455,852,714	18.35%
Change in Net Position	\$ 7,975,265	\$ 73,507,891	

During fiscal year 2022, the District returned to full time in-person instruction at the start of the 2022 fiscal year. This shift returned our cost structure back to building infrastructure and in-person services. Services that were scaled back during virtual instruction returned to full implementation including special education, student and instructional services, afterschool programming, and deferred maintenance on aging buildings. Fiscal year 2023 also included an increase from federal awards to mitigate the COVID-19 pandemic learning gap. Federal program spending included several initiatives designed to address learning loss and social emotional needs of our students and staff. This increased spending can also be seen in other areas of the organization. The District also allocated considerable one-time resources to building administration and maintenance services to adapt to in-person instruction. This included redesigning classrooms and furniture to ensure social distancing, enhanced cleaning protocol, and updating HVAC systems in our high schools to maintain air quality and help prevent transmission of illness. The increase in nonprogram expenses is related to payments for parental school choice, charter schools and other instructional agencies, outside of the District's control.

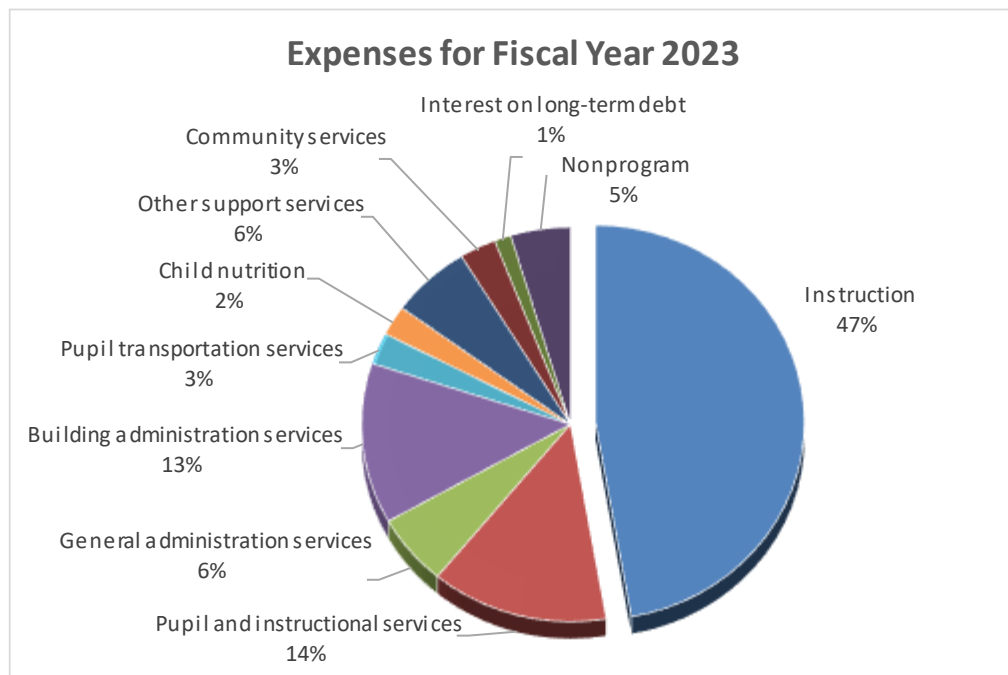
MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

Table 3
Net Cost of Governmental Activities

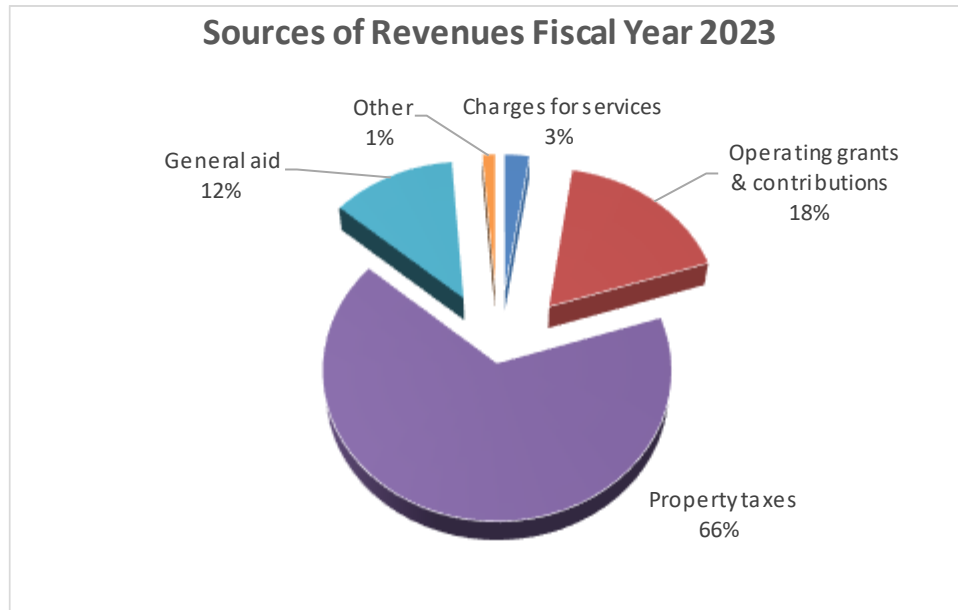
EXPENSES	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 254,941,937	\$ (187,161,301)
Pupil and instructional services	74,059,005	(49,207,696)
General administration services	31,556,997	(31,454,082)
Building administration services	71,021,272	(70,072,806)
Pupil transportation services	14,068,393	(13,689,285)
Child nutrition	13,210,511	(1,999,168)
Other support services	33,450,048	(32,686,173)
Community service	15,237,409	(11,568,371)
Interest on debt	6,979,699	(6,979,699)
Nonprogram	24,989,838	(24,989,838)
Total expenses	<u><u>\$ 539,515,109</u></u>	<u><u>\$ (429,808,419)</u></u>

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



MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Revenues General state aid provides about 12% of the funding for governmental activities. The District relies on property taxes for 66% of its revenues. Program revenues, in the form of charges for services and operating grants and contributions, accounted for 21% of the total revenues.



Governmental Fund Balance

The District completed the year with a total governmental fund balance of \$227,424,141. The majority of the governmental fund balance, \$119,464,706 is referendum bond proceeds restricted for renovation of 4 high schools and construction of a new elementary school reflected as restricted fund balance in the capital project fund.

The District's unassigned general fund balance of \$80,099,736 provides for the following:

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

The debt service fund balance is, as required by statute, adequate to cover debt payments that are scheduled prior to January 20 of the subsequent year. The components of the District's governmental fund balances are detailed in Note 15. The District's fund balance classifications were expanded under GASB statement 54 to enhance the usefulness of the information.

General Fund Budget

The District approves an interim budget in June for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations, a final budget is adopted in October. In October, following determination of official enrollment and certification of general state aids, the budget is adjusted.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

While the Board of Education does not formally amend the budget, the District monitored and adjusted its original 2022-2023 budget as follows:

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2023 fiscal year, the District had invested \$406,697,777 in a broad range of capital assets, including buildings, sites, library books, and equipment, right to use leases and subscription-based information technology arrangements, (SBITAs). Additional information about capital assets can be found in Note 6. Total accumulated depreciation/amortization on these assets was \$203,462,448 for governmental activities.

Table 4
Capital Assets

	2023	Restated 2022
Land and construction in progress	\$ 230,605,052	\$ 47,996,601
Site improvements	9,284,372	6,024,945
Buildings	336,300,312	335,274,161
Furniture and equipment	25,709,206	24,019,610
SBITA	436,922	-
Intangible - right to use capital assets	7,824,361	6,976,374
Accumulated depreciation/amortization	(203,462,448)	(194,061,911)
Net capital assets	<u>\$ 406,697,777</u>	<u>\$ 226,229,780</u>

Long-Term Debt and Obligations

On June 30, the District had \$288,130,000 in general obligation debt of which \$12,925,000 is due next year. The District had \$227,989,969 in other long-term obligations of which \$1,025,050 is due next year. Information about long-term debt and obligations can be found in Note 8.

Table 5
Outstanding Long-term Obligations

	2023	2022
General obligation debt	\$ 288,130,000	\$ 200,250,000
Unamortized premium	10,377,444	6,915,566
Lease Liability - Finance Purchases	512,890	2,088,670
Lease Liability - Right-to-Use	5,374,905	5,876,437
Subscription Liability	218,461	-
Compensated absences	76,634,293	78,337,611
Total OPEB obligation	25,480,256	22,703,442
Net WRS pension liability	74,462,917	-
Total supplemental pension liability	34,928,803	36,611,177
Net long-term obligations	<u>\$ 516,119,969</u>	<u>\$ 352,782,903</u>

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
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FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- **Revenue Limits** The District operates under a state mandated revenue limit. This revenue limit is designed to control spending of all K-12 school districts outside of referenda that are approved by local voters. The most recent biennium budget provides a \$325 increase per pupil on revenue limit factors. Our current 2023-24 budget cycle, includes an increase of \$10 million to our revenue limit, from our operating referendum passed in November of 2020. Were it not for this authority, the District revenue limit would be declining due to recent declining enrollment trends.
- **Enrollment** Impacts experienced since the beginning of the COVID-19 pandemic and lower birth rates continue to reflect a general decline in the District's enrollment. However, the 2023 Third Friday in September count decreased by only 2 students compared to the prior year. The District continues to adapt, to address the academic and mental health needs of our students as we explore new realities facing in-person and virtual learning opportunities. We continue to monitor our enrollment trends going forward but expect a continued trend of declining enrollment.
- **State General/Equalization Aid** The District increased costs in 2022-23 related to staff compensation and the expansion of four-year old kindergarten. K-12 spending across the state continues to challenge the predictability of General Aids in Wisconsin. The inclusion of substantial one-time funding from the federal government is heavily influencing this dynamic. The District will continue to project conservative aid estimates each year as a negative tertiary district. Madison equalized property value growth over time remains high, leading to high property value per member. This property value growth negatively impacts the District's share of State aid and is outside of MMSD control. Despite this, the District has been able to exceed our aid estimates the past several years.
- **General Fund Balance** The general fund balance (non-spendable, restricted, assigned, and unassigned) stands at \$90,742,021. The general fund unassigned fund balance stands at \$80,099,736 or 17.43% of general fund expenditures. School Board policy calls for a general fund balance between ten percent (10%) and fifteen percent (15%) of annual general fund expenditures. We have assigned approximately \$4.2 million of one-time expenditures to address bringing this figure closer to the District board policy on fund balance.
- **New Independent Charter Schools (ICS)** State statutes allow for the University of Wisconsin and other independent authorizers to approve school charters that are not part of the District. The State has approved several charters. The District includes these students in the three-year rolling average resident counts; however, expenses become due in full the first year a student enrolls in a New ICS program. In the past year, one of the charter schools attributed to MMSD reported significant growth in their enrollment, leading to total expenses of \$4.63 million to these programs during 2022-23.
- **Private School Vouchers** The Private School Voucher programs attributed to MMSD's revenue limit calculation and the Board of Education has increased property taxes each year matching the voucher expense each year to fund these programs. In 2023-23, the total amount of voucher payments stands at \$3.7 million.
- **Staff Shortages** The current educational environment has placed significant pressure on staff recruitment and retention. The District continues to encounter challenges filling high need positions related to bilingual, nursing, transportation, operational services, and other areas.

MADISON METROPOLITAN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

- **Elementary Capacity** Prior to COVID 19 impacts on enrollment, many of MMSD's elementary schools were operating at or near full capacity. Program changes, such as the addition of four-year old kindergarten, along with the reduction of 'mixed grade' classes in favor of 'straight grade' classes, have accounted for much of MMSD's available elementary capacity. MMSD will need to carefully monitor enrollment trends and elementary school capacities as part of a long-term facilities planning effort.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Robert (Bob) Soldner, Assistant Superintendent of Financial Services
Madison Metropolitan School District
545 West Dayton Street
Madison, WI 53703

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 241,283,211
Receivables	
Taxes	66,422,148
Accounts	1,492,957
Due from other governments	20,110,137
Inventories and prepaid items	4,389,372
Capital assets not being depreciated	230,605,052
Capital assets being depreciated/amortized, net	<u>176,092,725</u>
Total assets	740,395,602
Deferred outflows of resources	
Related to WRS pension	271,944,612
Related to supplemental pension	5,778,120
Related to OPEB liability	<u>3,976,821</u>
Total deferred outflows of resources	281,699,553
Liabilities	
Short-term notes payable	50,000,000
Accounts payable	25,702,821
Payroll and related benefits payable	27,647,669
Interest payable	3,921,973
Unearned revenue	690,669
Long term obligations	
Due within one year	13,950,050
Due in more than one year	<u>502,169,919</u>
Total liabilities	624,083,101
Deferred inflows of resources	
Related to leases receivable	282,222
Gain on defeasance	239,065
Related to WRS pension	155,947,247
Related to supplemental pension	12,409,629
Related to OPEB liability	<u>8,729,367</u>
Total deferred inflows of resources	177,607,530
Net position	
Net investment in capital assets	186,650,456
Restricted for	
Endowment - Bassett Fund	391,050
Self funded insurance	1,069,972
Get kids ahead	708,442
Act 59	35,256
Debt service	4,387,480
Capital projects	34,898,327
Donations	5,365,068
Child nutrition	2,647,488
Community service	2,845,710
Common School Fund	60,983
Unrestricted (deficit)	<u>(18,655,708)</u>
Total net position	<u><u>\$ 220,404,524</u></u>

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
Instruction				
Regular instruction	\$ 156,959,122	\$ 5,665,137	\$ 26,723,130	\$ (124,570,855)
Vocational instruction	4,031,865	33,320	319,594	(3,678,951)
Special education instruction	67,137,295	91,237	33,909,208	(33,136,850)
Other instruction	26,813,655	936,032	102,978	(25,774,645)
Total instruction	254,941,937	6,725,726	61,054,910	(187,161,301)
Support services				
Pupil services	38,710,167	448,137	20,990,386	(17,271,644)
Instructional staff services	35,348,838	143,603	3,269,183	(31,936,052)
General administration services	31,556,997	4,290	98,625	(31,454,082)
Building administration services	71,021,272	378,272	570,194	(70,072,806)
Pupil transportation services	14,068,393	46,600	332,508	(13,689,285)
Child nutrition	13,210,511	1,682,225	9,529,118	(1,999,168)
Other support services	33,450,048	603,327	160,548	(32,686,173)
Community services	15,237,409	3,669,038	-	(11,568,371)
Interest on long-term debt	6,979,699	-	-	(6,979,699)
Total support services	259,583,334	6,975,492	34,950,562	(217,657,280)
Nonprogram	24,989,838	-	-	(24,989,838)
Total governmental activities	\$ 539,515,109	\$ 13,701,218	\$ 96,005,472	(429,808,419)
General revenues				
Property taxes:				
General purposes				322,267,949
Debt service				19,926,000
Capital projects				5,000,000
Community service				15,470,204
State and federal aids not restricted to specific functions				67,948,402
Interest and investment earnings				7,171,129
Total general revenues				437,783,684
Change in net position				7,975,265
Net position - beginning of year as restated				212,429,259
Net position - end of year				\$ 220,404,524

MADISON METROPOLITAN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 98,305,524	\$ 134,129,227	\$ 8,848,460	\$ 241,283,211
Receivables				
Taxes	66,422,148	-	-	66,422,148
Accounts	857,110	-	353,625	1,210,735
Due from other governments	19,746,399	-	363,738	20,110,137
Due from other funds	-	3,174,875	8,433,139	11,608,014
Inventories and prepaid items	4,206,342	-	183,030	4,389,372
Total assets	<u>\$ 189,537,523</u>	<u>\$ 137,304,102</u>	<u>\$ 18,181,992</u>	<u>\$ 345,023,617</u>
Liabilities and fund balances				
Liabilities				
Short-term note payable	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000
Accounts payable	7,224,643	17,839,396	638,782	25,702,821
Payroll and related benefits payable	27,647,669	-	-	27,647,669
Interest and deposit payable	1,950,303	-	-	1,950,303
Unearned revenue	364,875	-	325,794	690,669
Due to other funds	11,608,014	-	-	11,608,014
Total liabilities	98,795,504	17,839,396	964,576	117,599,476
Fund balances				
Nonspendable	4,206,342	-	253,013	4,459,355
Restricted	2,268,433	119,464,706	16,964,403	138,697,542
Assigned	4,167,508	-	-	4,167,508
Unassigned	80,099,736	-	-	80,099,736
Total fund balances	<u>90,742,019</u>	<u>119,464,706</u>	<u>17,217,416</u>	<u>227,424,141</u>
Total liabilities and fund balances	<u>\$ 189,537,523</u>	<u>\$ 137,304,102</u>	<u>\$ 18,181,992</u>	<u>\$ 345,023,617</u>

MADISON METROPOLITAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances - governmental funds \$ 227,424,141

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

Governmental capital assets	610,160,225	
Governmental accumulated depreciation/amortization	<u>(203,462,448)</u>	
		406,697,777

Leases receivable, are not receivable in the current period and therefore are not reported in the fund statements.

Leases receivable	282,222	
Deferred Inflow related to leases receivable	<u>(282,222)</u>	
		-

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

General obligation debt	(288,130,000)	
Premium on general obligation debt	(10,377,444)	
Lease liability - right -to-use	(5,374,905)	
Lease liability - financed purchases	(512,890)	
Subscription Liability	(218,461)	
Total supplemental pension liability	(34,928,803)	
Net WRS pension liability	(74,462,917)	
Total OPEB obligation	(25,480,256)	
Deferred inflow related to gain on defeasance	(239,065)	
Deferred outflows related to WRS pension	271,944,612	
Deferred outflows related to supplemental pension	5,778,120	
Deferred outflows related to OPEB	3,976,821	
Deferred inflows related to WRS pension	(155,947,247)	
Deferred inflows related to supplemental pension	(12,409,629)	
Deferred inflows related to OPEB	(8,729,367)	
Accrued interest on general obligation debt	(1,971,670)	
Vested employee benefits	<u>(76,634,293)</u>	<u>(413,717,394)</u>

Total net position - governmental activities \$ 220,404,524

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total
Revenues				
Property taxes	\$ 322,267,949	\$ 5,000,000	\$ 35,396,204	\$ 362,664,153
Other local sources	6,641,419	3,090,228	9,110,462	18,842,109
Interdistrict sources	3,924,562	-	-	3,924,562
Intermediate sources	6,926	-	-	6,926
State sources	105,746,842	-	159,117	105,905,959
Federal sources	45,936,465	-	9,567,661	55,504,126
Other sources	642,539	-	-	642,539
Total revenues	485,166,702	8,090,228	54,233,444	547,490,374
Expenditures				
Instruction				
Regular instruction	147,914,617	-	1,282,786	149,197,403
Vocational instruction	3,843,376	-	-	3,843,376
Special education instruction	63,645,812	-	-	63,645,812
Other instruction	25,358,011	-	108,648	25,466,659
Total instruction	240,761,816	-	1,391,434	242,153,250
Support services				
Pupil services	36,500,842	-	449,022	36,949,864
Instructional staff services	33,709,078	-	54,646	33,763,724
General administration services	29,389,248	-	173,988	29,563,236
Building administration services	77,148,677	166,086,316	6,501,459	249,736,452
Pupil transportation	13,715,004	-	334,003	14,049,007
Child nutrition	-	-	13,526,936	13,526,936
Community services	-	-	14,715,806	14,715,806
Other support services	31,842,276	-	773,872	32,616,148
Total support services	222,305,125	166,086,316	36,529,732	424,921,173
Nonprogram	24,989,838	-	-	24,989,838
Debt service	4,056,723	-	22,865,427	26,922,150
Total expenditures	492,113,502	166,086,316	60,786,593	718,986,411
Excess (deficiency) of revenues over expenditures	(6,946,800)	(157,996,088)	(6,553,149)	(171,496,037)
Other financing sources (uses)				
Leases issued	-	-	847,987	847,987
Subscription Arrangement	436,922	-	-	436,922
Issuance of bonds	-	105,000,000	-	105,000,000
Premium received on bonds issued	-	-	3,849,082	3,849,082
Transfers in (out)	(178,245)	-	178,245	-
Net change in fund balances	(6,688,123)	(52,996,088)	(1,677,835)	(61,362,046)
Fund balances - beginning of year	97,430,142	172,460,794	18,895,251	288,786,187
Fund balances - end of year	<u>\$ 90,742,019</u>	<u>\$ 119,464,706</u>	<u>\$ 17,217,416</u>	<u>\$ 227,424,141</u>

See accompanying notes

MADISON METROPOLITAN SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds		\$ (61,362,046)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets is reported in the governmental funds as expenditures. For governmental activities those costs are shown in the statement of net position and depreciated/amortized over their estimated useful lives in the statement of activities.		
Capital outlay reported in governmental fund statements	189,868,534	
Depreciation/amortization expense reported in the statement of activities	<u>(9,400,537)</u>	
Amount by which capital outlays is greater than depreciation/amortization		180,467,997
Repayment of principal on long-term obligations is reported in the governmental funds as an expenditure but is reported as a reduction in long-term obligations in the statement of net position.		
		20,263,760
The issuance of long-term bonds, notes, leases, and SBITAs are reported in governmental funds as other financing sources, but are reported as an increase in outstanding long-term debt in the statement of net position.		
Lease proceeds		(847,987)
Subscription Arrangement		(436,922)
Proceeds from general obligation bond issue		(105,000,000)
Long-term bond premiums and discounts are reported in governmental funds as other financing sources and debt service, respectively, but are amortized over the life of the bonds in the statement of activities.		
Premiums and discounts on debt issuance		(3,849,082)
Current year amortization of premium/discount		387,204
Long-term (gains) or losses on debt defeasance are not reported in governmental funds but are amortized in the statement of activities.		
		132,202
Defined WRS pension benefits are reported in the government funds when funded by the District. The statement of activities reports the net of all changes in deferred inflows, outflows and benefit accounts.		
Pension benefits funded in current year	17,381,487	
Net changes in deferred inflows, outflows and benefit expense	<u>(38,030,170)</u>	
Adjustment to pension benefits expense		(20,648,683)
Defined supplemental pension benefits are reported in the government funds when funded by the District. The statement of activities reports the supplemental pension benefits expense when earned by employees.		
Pension benefits funded in current year	3,339,824	
Pension benefits earned in current year	<u>(4,067,041)</u>	
Amounts earned are more than amounts paid		(727,217)
Other postemployment benefits (OPEB) are reported in the government funds when funded by the District. The statement of activities reports the OPEB expense when earned by employees.		
OPEB funded in current year	1,100,089	
OPEB earned in current year	<u>(2,366,653)</u>	
Amounts earned are more than amounts paid		(1,266,564)
Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Special termination benefits paid in current year	3,100,875	
Special termination benefits earned in current year	<u>(4,194,573)</u>	
Amounts earned are more than amounts paid		(1,093,698)
Sick leave is reported in governmental funds when amounts are paid. The statement of activities reports the expected value of sick leave funds being used for future benefit to the employees.		
		2,797,016
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	4,974,300	
The amount of interest accrued during the current period	<u>(5,815,015)</u>	
Interest paid is less than interest accrued by		(840,715)
Change in net position - governmental activities		\$ 7,975,265

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2023

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	<u><u>\$ 92,408</u></u>
Net position	
Restricted	<u><u>\$ 92,408</u></u>

MADISON METROPOLITAN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2023

	<u>Custodial Fund</u>
Additions	
Local	\$ 66,274
Total additions	66,274
Deductions	
Other non-program services	96,366
Total deductions	96,366
Change in net position	(30,092)
Net position - beginning of year	122,500
Net position - end of year	<u>\$ 92,408</u>

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Effective July 1, 2022, the District implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The statement enhances the relevance and reliability of reporting for the District's subscription-based information technology arrangements, (SBITAs) by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose information about the arrangement. The adoption of this guidance did not materially affect beginning net position for the year ended June 30, 2023.

A. REPORTING ENTITY

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

This report includes all funds of the Madison Metropolitan School District. The reporting entity for the District consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: 1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and 3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. These financial statements do not contain any component units.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION

District-wide Statements

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

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

Fund Financial Statements

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

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

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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. It also accounts for activities associated with providing special education programs, previously required to be separately reported as the Special Education Fund as required by the Wisconsin Department of Public Instruction.

Capital Projects Fund - This fund accounts for the resources, such as tax levy or bond issues, restricted for the acquisition or construction of specific capital projects.

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.

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

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

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

Additionally, the District reports the following fiduciary fund types:

Custodial Fund - The District accounts for assets held as an agent for various student and parent organizations in a custodial fund.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS & BASIS OF ACCOUNTING

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

The effect of interfund activity has been eliminated from the District-wide financial statements.

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Federal and state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred if expected to be collected in the subsequent year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETARY ACCOUNTING

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

E. CASH AND CASH EQUIVALENTS

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

Investments are stated at fair value which is the amount at which an investment could be exchanged in a current transaction between willing parties. Determination of fair value for investments in the Local Government Investment Pool and City of Madison Pool is based on information provided by the State of Wisconsin Investment Board, the Wisconsin Investment Cooperative, 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. ACCOUNTS RECEIVABLE

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

H. INVENTORIES AND PREPAID SUPPLIES

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

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

I. CAPITAL ASSETS

Capital assets are reported in the district-wide financial statements. Capital assets are reported at actual cost or estimated historical costs. Capital assets are defined by the District as assets with an initial individual cost of \$5,000. Donated assets are reported at estimated acquisition value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

J. INTERFUND RECEIVABLES AND PAYABLES

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the WRS pension, supplemental pension and OPEB.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to leases receivable, the gain on defeasance, the WRS pension, supplemental pension and OPEB.

L. LONG-TERM OBLIGATIONS

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

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

M. LEASES

Lessor - The District, as a lessor, has entered into a lease agreement to rent space to a nonprofit community organization within one of the District's middle schools for the next 20 years. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows recognized during the fiscal year was \$38,055. As of June 30, 2023, leases receivable and deferred inflows related to leases receivable of \$282,222 are reported on the statement of net position.

Lessee - The District is a lessee for technology and building space. The District recognizes a lease liability – financed purchases and a capital asset or a lease liability – right to use and an intangible right-to use lease asset in the district-wide financial statements. The District initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease liability is reduced by principal payments on the lease. Lease liabilities are reported with the long-term obligations on the statement of net position.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. LEASES (continued)

If provided, the District uses the interest rate charged by the lessor as the discount rate. When an interest rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate.

A financed purchased asset is depreciated on a straight-line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the District capital assets as land, land improvements, buildings and improvements or furniture and equipment. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease.

The District recognizes payments for short-term leases with a lease term of 12 months or less as expenses as incurred.

N. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District is a party to multiple noncancelable subscription-based information technology arrangements (SBITAs). If the contract provides the District the right to use the present service capacity and the right to direct the use of the identified asset, it is considered to be a SBITA. Subscription-based assets and liabilities are recognized at the agreement commencement date based on the present value of the future payments over the expected contract term. The SBITA asset is adjusted for any prepayments made and capitalizable initial implementation costs as incurred.

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. The discount rate used is the implicit rate in the SBITA contract, if it is readily determinable, or the District's incremental borrowing rate. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

The District does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in expense.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. COMPENSATED ABSENCES

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

Vacation Type - The District's policy allows employees to roll 10 days of vacation at year end. Vacation is not compensation upon termination. As a result, all costs for these absences have been expensed as of year-end, and there exists no liability for future payment of absences attributable to services already rendered.

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

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

As provided in applicable negotiated contracts, certified District employees meeting a minimum age and length of service requirement may participate in the District's group health and insurance program upon retirement. The District bears the cost of the employee's participation up to the maximum amount it pays for active employees. For the year ended June 30, 2023, expenditures on a pay-as-you-go basis were \$4,318,651. The District's sick leave liability on June 30, 2023, was \$76,634,293, which represents \$45,623,484 for currently active employees and \$31,010,809 for retirees.

P. PENSION

Wisconsin Retirement System

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. PENSION (Continued)

Teacher Emeritus Plan and Administrator's Retirement Plan

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

Q. OTHER POST EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan has been determined on the same basis as they are reported by the District. For this purpose, The District's OPEB plan benefit payments are recognized when due and payable in accordance with the benefit terms. The District makes all contributions on the pay-as-you-go basis. There are no assets accumulated in a trust.

R. LIFE INSURANCE

The District administers a single employer defined benefit life insurance plan. The plan provides life insurance for eligible retirees through the District's life insurance plan, which covers both active and retired members. Assets have been accumulated to prefund these benefits through a Premium Stabilization Fund Agreement with Standard Life Insurance Company. Standard Life Insurance Company has assumed the obligation to pay life insurance benefits to those employees as defined in the plan. The Retiree Life Insurance Plan does not issue a publicly available financial report. Participants are eligible for life benefits at age 65. Employees who retire before age 65 are eligible for life benefits as long as they pay premiums until the age of 65. During the reporting period, the District paid \$49,412 in premiums to the plan.

S. USE OF ESTIMATES

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. EQUITY CLASSIFICATIONS

Net Position

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

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

Fund Balances

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

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

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

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

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

Assigned fund balance is reported for amounts that are constrained by the District board's intent, or an official to which the District board has delegated authority to assign amounts to be used for specific purposes but, is neither restricted nor committed.

Unassigned fund balance is the residual classification and are available for any purpose. Unassigned amounts are only reported in the general fund.

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

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

1. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report vested employee benefits on a pay-as-you-go basis and the statement of activities reports these amounts as earned by the applicable employees.
2. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for capital items in the governmental fund statements and depreciation expense on those items in the statement of activities.
3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

	Total Governmental Funds	Long -Term Revenues/ Expenses	Capital Related Items	Long -Term Debt Transactions	Statement of Activities Total
Revenues:					
Property taxes	\$ 362,664,153	\$ -	\$ -	\$ -	\$ 362,664,153
Other local sources	18,842,109	-	-	-	18,842,109
Intermediate sources	3,924,562	-	-	-	3,924,562
Interdistrict sources	6,926	-	-	-	6,926
State sources	105,905,959	-	-	-	105,905,959
Federal sources	55,504,126	-	-	-	55,504,126
Other sources	642,539	-	-	-	642,539
Total revenues	547,490,374	-	-	-	547,490,374
Expenditures					
Instruction:					
Regular instruction	149,197,403	7,875,305	(113,586)	-	156,959,122
Vocational instruction	3,843,376	197,040	(8,551)	-	4,031,865
Special instruction	63,645,812	3,491,483	-	-	67,137,295
Other instruction	25,466,659	1,374,083	(27,087)	-	26,813,655
Total instruction	242,153,250	12,937,911	(149,224)	-	254,941,937
Support Services:					
Pupil services	36,949,864	1,880,122	(119,819)	-	38,710,167
Instructional staff services	33,763,724	1,592,280	(7,166)	-	35,348,838
General administration services	29,563,236	2,608,451	(614,690)	-	31,556,997
Building administration services	249,736,452	275,025	(178,990,205)	-	71,021,272
Pupil transportation	14,049,007	15,853	3,533	-	14,068,393
Child nutrition	13,526,936	286,682	(603,107)	-	13,210,511
Community services	14,715,806	514,465	7,138	-	15,237,409
Other support services	32,616,148	828,357	5,543	-	33,450,048
Total support services	424,921,173	8,001,235	(180,318,773)	-	252,603,635
Non-program	24,989,838	-	-	-	24,989,838
Debt service	26,922,150	-	-	(19,942,451)	6,979,699
Total expenditures	718,986,411	20,939,146	(180,467,997)	(19,942,451)	539,515,109
Other financing sources (uses):					
Subscription Arrangement	436,922	-	-	(436,922)	-
Leases issued	847,987	-	-	(847,987)	-
Issuance of bonds	105,000,000	-	-	(105,000,000)	-
Premium received on bonds issued	3,849,082	-	-	(3,849,082)	-
Net Change for Year	\$ (61,362,046)	\$ (20,939,146)	\$ 180,467,997	\$ (90,191,540)	\$ 7,975,265

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Fair Value Level</u>	<u>Risks</u>
Petty cash	\$ 3,100	\$ -	N/A	
Demand deposits	130,037	130,037	N/A	Custodial credit
Certificates of deposit	<u>106,844</u>	<u>106,844</u>	N/A	Custodial credit
Total Deposits	236,881	236,881		
Wisconsin Local Government Investment Pool	7,873	7,873	N/A	Interest rate and credit
City of Madison Investment Pool	100,195,238	100,195,238	N/A	Interest rate and credit
Wisconsin Investment Cooperative	<u>140,932,527</u>	<u>154,413,637</u>	N/A	Interest rate and credit
	<u>241,135,638</u>	<u>254,616,748</u>		
Total cash and cash equivalents	<u>\$ 241,375,619</u>	<u>\$ 254,853,629</u>		
Reconciliation to the Financial Statements				
Per Statement of Net Position	\$ 241,283,211			
Per Statement of Fiduciary Net Position	<u>92,408</u>			
Total cash and cash equivalents	<u>\$ 241,375,619</u>			

Investments are stated at fair value which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. The Wisconsin Local Government Investment Pool (LGIP) as well as the Multi-Class Series of the Wisconsin Investment Series Cooperative (WISC) are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the statement of revenues, expenditures, and changes in fund balance as increases or decreases in investment income. The WISC and the City of Madison Investment Pool are pools established by intergovernmental agreement. The pools invest in investments legally permissible under Wisconsin law.

Credit Risk

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. As of June 30, 2023, money market, the City of Madison Investment Pool, LGIP, and WISC investments have a maturity of 12 months or less.

Custodial Credit Risk

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for each account. Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available on June 30, 2023, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

As of June 30, 2023, none of the District's deposits with financial institutions were uninsured and uncollateralized. The District does not have a custodial risk policy for deposits.

PMA Financial Network is the administrator and investment manager for the WISC. The WISC is not registered with the Securities and Exchange Commission, however, invests in funds in accordance with applicable Wisconsin statutes. The Cash Management Class and the Investment Class were rated 'AAAm' by Standard and Poor's as of March 30, 2023. The remainder of WISC is not rated. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. On June 30, 2023, the District's share of the WISC's assets was substantially equal to the amount reported on page 35. The District is subject to market risk and credit risk through its investment in WISC.

The City of Madison Treasurer is the administrator and investment manager for the City of Madison Investment Pool. The City of Madison Investment Pool is not registered with the Securities and Exchange Commission, however, invests in funds in accordance with applicable Wisconsin statutes. The City of Madison Investment Pool is not rated. The City of Madison Investment Pool has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2023, the District's fair value of investments held at the City of Madison Investment Pool was substantially equal to the amount reported on page 35. The District is subject to market risk and credit risk through its investment in City of Madison Investment Pool.

The District voluntarily invests excess funds in the LGIP, an external investment pool. The LGIP is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The SIF is not rated. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. On June 30, 2023, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported on page 35.

Concentration of Credit Risk

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

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE 4 - LIMITATION ON SCHOOL DISTRICT REVENUES

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

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

NOTE 5 - INTERFUND BALANCES AND ACTIVITY

Interfund balances generally arise from the District's policy to pool cash and investments and hold those account balances in the General Fund. Interfund receivable and payable balances in the fund financial statements on June 30, 2023, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue Trust Fund	General Fund	\$ 2,611,593
Capital Projects Fund	General Fund	3,174,875
Food Service Fund	General Fund	2,667,541
Community Service Fund	General Fund	3,154,005

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

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 181,913
General Fund	Debt Service Fund	3,668

The District transferred funds from the General Fund to the Food Service Fund to cover the write off of prior year uncollectable student balances.

The District transferred residual funds from the Debt Service Fund to the General Fund upon final payment of non-referendum general obligation debt.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Restated Beginning Balance	Additions and Reclassifications	Removals	Ending Balance
Capital assets not being depreciated:				
Sites (land)	\$ 12,817,630	\$ -	\$ -	\$ 12,817,630
Construction in progress	<u>35,178,971</u>	<u>185,476,017</u>	<u>(2,867,566)</u>	<u>217,787,422</u>
Total capital assets not being depreciated:	47,996,601	185,476,017	(2,867,566)	230,605,052
Capital assets being depreciated/amortized				
Site improvements	6,024,945	3,259,427	-	9,284,372
Buildings and building improvements	335,274,161	1,026,151	-	336,300,312
Furniture and equipment	24,019,610	1,689,596	-	25,709,206
SBITA	-	436,922	-	436,922
Intangible - right to use capital assets	<u>6,976,374</u>	<u>847,987</u>	<u>-</u>	<u>7,824,361</u>
Total capital assets being depreciated/amortized:	372,295,090	7,260,083	-	379,555,173
Less accumulated depreciation/amortization for:				
Site Improvements	(2,874,148)	(301,013)	-	(3,175,161)
Building & building improvements	(171,808,549)	(6,282,376)	-	(178,090,925)
Furniture and equipment	(18,279,277)	(1,242,953)	-	(19,522,230)
SBITA	-	(218,461)	-	(218,461)
Intangible - right to use capital assets	<u>(1,099,937)</u>	<u>(1,355,734)</u>	<u>-</u>	<u>(2,455,671)</u>
Total accumulated depreciation/amortization	(194,061,911)	(9,400,537)	-	(203,462,448)
Total capital assets being depreciated/ amortized, net	<u>178,233,179</u>	<u>(2,140,454)</u>	<u>-</u>	<u>176,092,725</u>
Governmental activities capital assets, net	<u>\$ 226,229,780</u>	<u>\$ 183,335,563</u>	<u>\$ (2,867,566)</u>	<u>\$ 406,697,777</u>

Depreciation/amortization expense for governmental activities for the year ended June 30, 2023, was charged to governmental functions as follows:

Regular Instruction	\$ 13,633
Vocational Instruction	3,144
Other Instruction	19,783
Pupil Services	5,932
Instructional Staff Services	832
General Admin	168,937
Building services	8,690,306
Pupil transportation	3,533
Child nutrition	39,461
Other Support	442,465
Community Service	12,511
	<u>\$ 9,400,537</u>

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - SHORT-TERM DEBT

The District issues tax anticipation notes in advance of property tax collections. The notes are necessary because expenditures for the year begin in July whereas the tax collections are received from the municipalities beginning in January. Short-term debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes, due September 2, 2022	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
Tax anticipation notes, due September 5, 2023	-	50,000,000	-	50,000,000
Totals	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000

Total short-term debt interest paid and expended (including accrual) for the year ended June 30, 2023, was \$68,333 and \$1,206,764, respectively.

NOTE 8 - LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Notes	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ -
Bonds	199,250,000	105,000,000	16,120,000	288,130,000	12,925,000
Deferred amounts for premium/discount	6,915,566	3,849,082	387,204	10,377,444	-
Total general obligation debt	207,165,566	108,849,082	17,507,204	298,507,444	12,925,000
Lease Liability - Financed Purchases	2,088,670	-	1,575,780	512,890	512,890
Lease Liability - Right-to-Use	5,876,437	847,987	1,349,519	5,374,905	293,699
Subscription Liability	-	436,922	218,461	218,461	218,461
Net WRS Pension Liability	-	95,111,600	20,648,683	74,462,917	-
Total Supplemental pension liability	36,611,177	1,657,450	3,339,824	34,928,803	-
Total OPEB obligation	22,703,442	3,876,903	1,100,089	25,480,256	-
Vested employee benefits (sick leave)					
Currently active employees	48,420,500	1,397,557	4,194,573	45,623,484	-
Retirees	29,917,111	4,194,573	3,100,875	31,010,809	-
Totals	\$ 352,782,903	\$ 216,372,074	\$ 53,035,008	\$ 516,119,969	\$ 13,950,050

All general obligation debt is secured by the full faith, credit, and unlimited taxing powers of the District. Payments on bonds and notes are made by the Debt Service Fund. Lease liabilities are paid by the general fund. Vested employee benefits will be liquidated by the General Fund.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Total long-term debt interest paid and expended (including accrual) for the year ended June 30, 2023, was \$4,974,300 and \$5,815,015, respectively.

General obligation debt on June 30, 2023, is comprised of the following individual issues:

Description	Issue Dates	Average Interest Rate	Date of Maturity	Balance 6/30/2023
Bonds Payable	2/1/2021	1.53%	3/1/2040	\$ 88,865,000
Bonds Payable	5/16/2022	3.61%	3/1/2042	94,265,000
Bonds Payable	6/12/2023	3.98%	3/1/2043	105,000,000
				<u>\$ 288,130,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt as of June 30, 2023, are as follows:

Year ended	Bonds		
June 30,	Principal	Interest	Totals
2023 \$	12,925,000	\$ 8,605,413	\$ 21,530,413
2024	10,600,000	9,463,481	20,063,481
2025	10,915,000	9,133,581	20,048,581
2026	11,240,000	8,838,231	20,078,231
2027	11,600,000	8,484,331	20,084,331
2028-2032	64,440,000	36,180,382	100,620,382
2033-2037	76,140,000	24,598,763	100,738,763
2038-2042	90,270,000	10,937,494	101,207,494
	<u>\$ 288,130,000</u>	<u>\$ 116,241,676</u>	<u>\$ 404,371,676</u>

The 2023 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$36,362,105,132. The legal debt limit and margin of indebtedness as of June 30, 2023, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Margin of Indebtedness	
Debt limit (10% of \$36,362,105,132)	\$ 3,636,210,513
GO debt outstanding	288,130,000
Margin of Indebtedness	<u>\$ 3,348,080,513</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new debt in an irrevocable trust to provide for future debt service payments on the old debt. Accordingly, the trust assets and liability for the defeased bonds are not included in the District's financial statements. On June 30, 2023, \$25,885,000 of debt outstanding is considered defeased.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - LEASES

Lease Liability – Financed Purchases

The District has financed purchase leases for Chromebooks. No down payments were required for these lease agreements. The financed purchase leases expire at various dates through 2024. These leases have an interest rate of 1.964% to 3.13%. These lease agreements qualify as a financed purchase for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of their inception.

The aggregate cash flow requirements for the retirement of long-term principal and interest on financed purchase leases as of June 30, 2023, are as follows:

Year ended		Financed Purchases		
June 30,		Principal	Interest	Totals
2024	\$	512,890	\$ 15,055	\$ 527,945

Lease Liability – Right-to-Use

During the current year, the District entered into a new right-to-use lease arrangement to rent space for MSCR West community service programs through June 2067. An initial lease liability was recorded in the amount of \$847,987 due in monthly installments beginning at \$6,250, including imputed interest and increasing each year 2% over the previous year. The District used its incremental borrowing rate as the interest rate for the right-to-use asset leases.

In addition, the District has right-to-use lease arrangements for staff laptops, district wide copiers, and space that expire at various dates through 2042. The leases have been recorded at the present value of their future minimum lease payments as of the date of their inception. Total principal paid for such leases for governmental funds was \$1,349,519 for the year ended June 30, 2023.

Aggregate cash flow requirements for the retirement of long-term principal and interest on right to leases as of June 30, 2023, are as follows:

Year ended		Right-to-Use		
June 30,		Principal	Interest	Totals
2024	\$	293,699	\$ 152,557	\$ 446,256
2025		294,477	169,751	464,228
2026		295,257	184,205	479,462
2027		296,040	191,843	487,883
2028		296,824	201,244	498,068
2029-2033		1,495,962	1,154,823	2,650,785
2034-2038		1,450,301	1,376,184	2,826,485
2039-2042		952,345	1,054,083	2,006,428
	\$	5,374,905	\$ 4,484,690	\$ 9,859,595

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

During the current year, the District entered into a two year subscription arrangement with Cornerstone OnDemand, Inc. for human resource software. An initial subscription liability and asset was recorded in the amount of \$170,204 due in annual installments. The District used its incremental borrowing rate as the interest rate for the SBITA's.

During the current year, the District entered into a two year subscription arrangement with Norlem Technology Consulting for managed security operations. An initial subscription liability and asset was recorded in the amount of \$161,570 due in annual installments. The District used its incremental borrowing rate as the interest rate for the SBITA's.

During the current year, the District entered into a two year subscription arrangement with CDW-G for Palo Alto software. An initial subscription liability and asset was recorded in the amount of \$105,148 due in annual installments. The District used its incremental borrowing rate as the interest rate for the SBITA's.

Aggregate cash flow requirements for the retirement of long-term principal and interest on SBITAs as of June 30, 2023, are as follows:

Year ended			
June 30,	Subscription Liability		
	Principal	Interest	Totals
2024	\$ 218,461	\$ -	\$ 218,461

NOTE 11 - SELF-FUNDED INSURANCE PROGRAMS

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

At June 30, 2023, the District reported a liability of \$1,147,304 for the dental plan which represents an estimate of reported and unreported claims which were incurred on or before June 30, 2023 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 accrued were estimated by the Plan administrator based on a monthly accrual rate per employee depending on single versus family coverage, and active versus retiree status. The Wisconsin Office of the Commissioner of Insurance does not consider dental plans to be material. Therefore, an actuarial review has not been conducted.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 - SELF-FUNDED INSURANCE PROGRAMS (Continued)

On June 30, 2023, the District reported a liability of \$1,963,483 for the Worker's Compensation plan, which represents an estimate of reported and unreported claims which were incurred on or before June 30, 2023, 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 accrual is calculated by our plan administrators based on our permanent salary total and prior loss experience.

At June 30, 2023 reported claims and claims incurred but not reported are as follows:

	Beginning Balance	Contributions	Claims and Changes in	Ending Balance
Dental	\$ 1,122,231	\$ 3,066,696	\$ 3,041,623	\$ 1,147,304
Worker's Comp.	2,971,904	1,900,782	2,909,203	1,963,483
Total	<u>\$ 4,094,135</u>	<u>\$ 4,967,478</u>	<u>\$ 5,950,826</u>	<u>\$ 3,110,787</u>

NOTE 12 - EMPLOYEE RETIREMENT PLANS

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone WRS Financial Report, which can be found at [https:// etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements](https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements). Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - EMPLOYEE RETIREMENT PLANS (Continued)

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - EMPLOYEE RETIREMENT PLANS (Continued)

The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$16,314,722 in contributions from the employer.

Contribution rates as of June 30, 2023, are as follows:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

Pension Liabilities (Assets), Pension Revenue, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$ 74,462,917 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 1.40556966%, which was a decrease of 0.02722006% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$ 38,030,170.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 118,596,356	\$ (155,808,981)
Net differences between projected and actual earnings on pension plan investments	126,495,298	-
Changes in assumptions	14,642,491	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	691,439	(138,266)
Employer contributions subsequent to the measurement date	<u>11,519,028</u>	<u>-</u>
Total	<u>\$ 271,944,612</u>	<u>\$ (155,947,247)</u>

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - EMPLOYEE RETIREMENT PLANS (Continued)

\$11,519,028 reported as deferred outflows of resources related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 4,427,992
2025	21,659,866
2026	22,259,973
2027	56,130,506
	<hr/>
	\$ 104,478,337

Actuarial assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	12/31/2021
Measurement Date of Net Pension Liability (Asset)	12/31/2022
Experience Study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - EMPLOYEE RETIREMENT PLANS (Continued)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global equities	48	7.6	5
Fixed income	25	5.3	2.7
Inflation sensitive assets	19	3.6	1.1
Real estate	8	5.2	2.6
Private equity/debt	15	9.6	6.9
Total core fund	115	7.4	4.8
<u>Variable Fund Asset Class</u>			
U.S. equities	70	7.2	4.6
International equities	30	8.1	5.5
Total variable fund	100	7.7	5.1

1. Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

2. New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

3. The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single discount rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate. The following presents the District's proportionate share of the net pension asset calculated using the discount rate of 6.8 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - EMPLOYEE RETIREMENT PLANS (Continued)

is 1 percentage point lower (5.8. percent) or 1 percentage point higher (7.8 percent) than the current rate:

	1% Decrease to Discount Rate <u>(5.8%)</u>	Current Discount Rate <u>(6.8)</u>	1% Increase to Discount Rate <u>(7.8%)</u>
The District's proportionate share of net pension liability	\$247,139,993	\$ 74,462,917	\$ (44,324,102)

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

NOTE 13 – SUPPLEMENTAL PENSION

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

Plan membership: At June 30, 2021, the date of the last actuarial valuation, there were approximately 2,980 active plan members and 224 inactive plan members currently receiving benefits.

Benefits provided. Under the Teacher Emeritus Retirement Program (TERP), employees meeting a minimum age and length of service requirement are eligible to receive early retirement benefits of 19% of the employee's salary for three years. Under the Administrator's Retirement Plan (ARP), eligible administrators with over 12 years of service with the District receive a post-employment contribution to a tax-sheltered annuity.

Contributions. There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions on the pay-as-you-go basis. There are no assets accumulated in a trust. The District paid \$3,339,824 in benefits for the year ended June 30, 2023.

Changes in total supplemental pension liability

	<u>Total Pension Liability</u>
Balance at 6/30/2022	\$ 36,611,177
Changes for the year:	
Service cost	3,920,162
Interest on total pension liability	839,600
Effect of assumptions changes or inputs	(3,102,312)
Benefit payments	<u>(3,339,824)</u>
Net changes	<u>(1,682,374)</u>
Balance at 6/30/2023	<u><u>\$ 34,928,803</u></u>

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 – SUPPLEMENTAL PENSION (Continued)

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

On June 30, 2023, the District reported a total pension liability of \$34,928,803. The total pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the total pension liability was determined by an actuarial valuation as of June 30, 2021. There have been no significant changes in assumptions or benefit terms between the valuation date and the measurement date.

For the year ended June 30, 2023, the District recognized pension expense of \$4,067,041. At June 30, 2023, the District reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,945,973	\$ (6,879,059)
Changes in assumptions	3,832,147	(5,530,570)
Total	<u>\$ 5,778,120</u>	<u>\$ (12,409,629)</u>

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

Year ended June 30:	
2024	\$ (692,721)
2025	(692,721)
2026	(950,214)
2027	(970,534)
2028	(970,534)
Thereafter	(2,354,785)
	<u>\$ (6,631,509)</u>

Actuarial assumptions. The actuarial assumptions that determined the pension liability are based upon the results of 2018-2021 Experience Study performed by the actuary for the Wisconsin Retirement System (WRS):

Actuarial Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2022
Reporting Date:	June 30, 2023
Actuarial Cost Method:	Entry Age Normal
Inflation:	3.00%
Salary increases including inflation:	0.1% - 5.6%
Discount Rate:	3.54%
Mortality Rate:	2020 WRS Experience Mortality Table

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 – SUPPLEMENTAL PENSION (Continued)

Discount rate. A discount rate of 3.54% was used to determine the total pension liability. This discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Index on the measurement date.

Sensitivity of the District's net pension liability to changes in the discount rate. The following presents the District's net pension liability calculated using the discount rate of 3.54 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease to Discount Rate 2.54%	Current Discount Rate 3.54%	1% Increase to Discount Rate 4.54%
Net pension liability	\$ 37,161,026	\$ 34,928,803	\$ 32,789,726

NOTE 14 - POSTEMPLOYMENT BENEFITS

Healthcare Plan

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

Plan membership: At June 30, 2021, the date of the latest actuarial valuation, there were 4,107 active employees and 151 retirees participating in the plan. There have been no significant changes in participant data since June 30, 2021, the date of the last actuarial valuation.

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

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

Contributions. There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions on the pay-as-you-go basis. There are no assets accumulated in a trust. The District contributed \$1,100,089 for the year ended June 30, 2023.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14- POSTEMPLOYMENT BENEFITS (Continued)

Changes in total OPEB liability

	Total OPEB Liability
Balance at 6/30/2022	\$ 22,703,442
Changes for the year:	
Service cost	2,027,931
Interest on total OPEB liability	856,189
Effect of assumptions changes or inputs	992,783
Benefit payments	(1,100,089)
Net changes	<u>2,776,814</u>
Balance at 6/30/2023	<u>\$ 25,480,256</u>

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

At June 30, 2023, the District reported a total OPEB liability of \$25,480,256. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021. There have been no significant changes in assumptions or benefit terms between the valuation date and the measurement date.

For the year ended June 30, 2023, the District recognized OPEB expense of \$2,366,653. At June 30, 2023, the District reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (7,151,465)
Changes in assumptions	3,976,821	(1,577,902)
Total	<u>\$ 3,976,821</u>	<u>\$ (8,729,367)</u>

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

Year ended June 30:

2024	\$ (517,467)
2025	(517,467)
2026	(493,647)
2027	(498,304)
2028	(536,597)
Thereafter	<u>(2,189,064)</u>
	<u>\$ (4,752,546)</u>

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14- POSTEMPLOYMENT BENEFITS (Continued)

Actuarial assumptions. The actuarial assumptions that determined the OPEB liability as of June 30, 2023, are based upon the results of 2018-2020 Experience Study performed by the actuary for the Wisconsin Retirement System (WRS):

Actuarial Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2023
Reporting Date:	June 30, 2023
Actuarial Cost Method:	Entry Age Normal
Inflation:	3.00%
Salary increases including inflation:	0.1% - 5.6%
Discount Rate:	3.65%
Mortality Rate:	2020 WRS Experience Mortality Table

Discount rate. A discount rate of 3.65% was used to measure the total OPEB liability. This discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Index at the measurement date.

Sensitivity of the District's total OPEB liability to changes in the discount rate. The following presents the District's total OPEB liability calculated using the discount rate of 3.65 percent, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease to Discount Rate <u>2.65%</u>	Current Discount Rate <u>3.65%</u>	1% Increase to Discount Rate <u>4.65%</u>
Total OPEB liability	\$ 27,285,652	\$ 25,480,256	\$ 23,770,945

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

	1% Decrease to Healthcare Trends Rates <u>.4% -2.7%</u>	Current Healthcare Trends Rates <u>1.4% -3.7%</u>	1% Increase to Healthcare Trends Rates <u>2.4%-4.7%</u>
Total OPEB liability	\$ 22,348,823	\$ 25,480,256	\$ 29,211,820

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 - FUND BALANCES

The components of the governmental fund balances are as follows:

	General Fund	Capital Projects	Non Major Fund	Total
Non-spendable				
Prepays	\$ 4,093,428	\$ -	\$ -	\$ 4,093,428
Non-spendable donations	-	-	69,983	69,983
Inventory	112,914	-	183,030	295,944
	<u>4,206,342</u>	<u>-</u>	<u>253,013</u>	<u>4,459,355</u>
Restricted				
Debt service	-	-	6,359,150	6,359,150
Capital projects	-	119,464,706	-	119,464,706
Donor restrictions	-	-	5,295,085	5,295,085
Child nutrition	-	-	2,464,458	2,464,458
Community service	-	-	2,845,710	2,845,710
Reserve for self funded dental	1,069,972	-	-	1,069,972
Act 59	37,986	-	-	37,986
Get kids ahead	708,442	-	-	708,442
Basset training endowment	391,050	-	-	391,050
Common school library funds	60,983	-	-	60,983
	<u>2,268,433</u>	<u>119,464,706</u>	<u>16,964,403</u>	<u>138,697,542</u>
Assigned				
TID 25	3,048,250	-	-	3,048,250
Band instruments	744,258	-	-	744,258
Classroom furniture	375,000	-	-	375,000
	<u>4,167,508</u>	<u>-</u>	<u>-</u>	<u>4,167,508</u>
Unassigned	80,099,736	-	-	80,099,736
Total fund balance	\$ 90,742,019	\$ 119,464,706	\$ 17,217,416	\$ 227,424,141

NOTE 16 - 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, 2023

NOTE 17- RISK MANAGEMENT

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

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

A current year review of Government Accounting Standards Board (GASB) Statement No. 49 Accounting and Financial Reporting for Pollution Remediation Obligations, resulted in the conclusion that the District's construction in progress asset included asbestos remediation costs. Pollution remediation costs such as asbestos removal costs are required to be expensed in the year incurred and should not be reported as a component of construction in progress or fixed assets. As a result, an adjustment for \$5,583,225 was made to decrease the net position of the Government Activities on the statement of activities.

NOTE 19 - SUBSEQUENT EVENTS

Management evaluated subsequent events through November 30, 2023, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to November 30, 2023, that provided additional evidence about conditions that existed on June 30, 2023, have been recognized in the financial statements for the year ended June 30, 2023. Events or transactions that provided evidence about conditions that did not exist on June 30, 2023 but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

MADISON METROPOLITAN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL - GAAP BASIS
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Property taxes	\$ 329,704,995	\$ 329,704,995	\$ 322,267,949	\$ (7,437,046)
Other local sources	4,338,193	4,338,193	6,641,419	2,303,226
Interdistrict sources	4,257,744	4,257,744	3,924,562	(333,182)
Intermediate sources	10,000	10,000	6,926	(3,074)
State sources	101,516,657	101,516,657	105,746,842	4,230,185
Federal sources	75,141,220	75,141,220	45,936,465	(29,204,755)
Other sources	<u>729,455</u>	<u>729,455</u>	<u>642,539</u>	<u>(86,916)</u>
Total revenues	515,698,264	515,698,264	485,166,702	(30,531,562)
Expenditures				
Instruction:				
Regular instruction	164,741,720	164,741,720	147,914,617	16,827,103
Vocational instruction	4,066,781	4,066,781	3,843,376	223,405
Special instruction	73,640,110	73,640,110	63,645,812	9,994,298
Other instruction	<u>27,095,009</u>	<u>27,095,009</u>	<u>25,358,011</u>	<u>1,736,998</u>
Total instruction	269,543,620	269,543,620	240,761,816	28,781,804
Support services:				
Pupil services	42,226,979	42,226,979	36,500,842	5,726,137
Instructional staff services	41,183,219	41,183,219	33,709,078	7,474,141
General administration services	32,004,223	32,004,223	29,389,248	2,614,975
Building administration services	76,215,411	76,215,411	77,148,677	(933,266)
Pupil transportation	14,741,400	14,741,400	13,715,004	1,026,396
Other support services	<u>31,545,793</u>	<u>31,545,793</u>	<u>31,842,276</u>	<u>(296,483)</u>
Total support services	237,917,025	237,917,025	222,305,125	15,611,900
Nonprogram	26,462,152	26,462,152	24,989,838	1,472,314
Debt Service	<u>2,781,967</u>	<u>2,781,967</u>	<u>4,056,723</u>	<u>(1,274,756)</u>
Total expenditures	<u>536,704,764</u>	<u>536,704,764</u>	<u>492,113,502</u>	<u>44,591,262</u>
Excess (deficiency) of revenues over expenditures	(21,006,500)	(21,006,500)	(6,946,800)	14,059,700
Other financing sources (uses)				
Subscription Arrangement	-	-	436,922	436,922
Transfers in	-	-	3,668	3,668
Transfers out	<u>(990,263)</u>	<u>(990,263)</u>	<u>(181,913)</u>	<u>808,350</u>
Net change in fund balance	(21,996,763)	(21,996,763)	(6,688,123)	15,308,640
Fund balance - beginning of year	<u>97,430,142</u>	<u>97,430,142</u>	<u>97,430,142</u>	-
Fund balance - end of year	<u>\$ 75,433,379</u>	<u>\$ 75,433,379</u>	<u>\$ 90,742,019</u>	<u>\$ 15,308,640</u>

See accompanying notes to the required supplementary information

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

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2014	1.519785%	\$ (37,330,073)	\$ 213,983,693	17.45%	102.74%
12/31/2015	1.531274%	24,885,909	218,447,597	11.39%	98.20%
12/31/2016	1.525934%	12,577,337	217,121,739	5.79%	99.12%
12/31/2017	1.502730%	(44,617,832)	217,711,493	20.49%	102.93%
12/31/2018	1.483122%	52,764,836	227,246,935	23.22%	96.45%
12/31/2019	1.471656%	(47,452,918)	235,058,745	-20.19%	102.96%
12/31/2020	1.458549%	(91,059,259)	238,758,460	-38.14%	105.26%
12/31/2021	1.432790%	(115,485,487)	241,863,685	-47.75%	106.02%
12/31/2022	1.405570%	74,462,917	250,933,510	29.67%	95.72%

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

**SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS***

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 15,038,383	\$ 15,038,383	\$ -	\$ 219,246,552	6.86%
6/30/2016	14,858,224	14,858,224	-	216,318,525	6.87%
6/30/2017	14,353,970	14,353,970	-	215,267,623	6.67%
6/30/2018	14,817,647	14,817,647	-	224,184,467	6.61%
6/30/2019	15,232,440	15,232,440	-	232,400,381	6.55%
6/30/2020	15,402,857	15,402,857	-	240,593,020	6.40%
6/30/2021	15,981,232	15,981,232	-	236,758,995	6.75%
6/30/2022	16,077,716	16,077,716	-	244,146,331	6.59%
6/30/2023	17,384,223	17,384,223	-	259,727,531	6.69%

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

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017
Total supplemental pension liability	\$ 34,928,803	\$ 36,611,177	\$ 40,632,970	\$ 35,798,708	\$ 30,965,900	\$ 31,760,609	\$ 40,098,031
The District's covered payroll	183,160,443	181,473,036	177,436,993	177,513,143	171,244,971	165,137,409	158,878,000
Total supplemental pension liability as a percentage of covered payroll	19.07%	20.17%	22.90%	20.17%	18.08%	19.23%	25.24%

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

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

	2023	2022	2021	2020	2019	2018	2017
Beginning Balance	\$ 36,611,177	\$ 40,632,970	\$ 35,798,708	\$ 30,965,900	\$ 31,760,609	\$ 40,098,031	\$ 37,520,268
Changes for the year:							
Service cost	3,920,162	4,366,977	3,621,452	2,605,623	2,617,853	2,834,351	2,380,230
Interest on total pension liability	839,600	959,415	1,325,852	1,233,512	1,161,727	1,170,584	1,445,287
Effect of economic/demographic gains or losses	-	(6,239,739)	-	2,958,181	-	(3,628,204)	-
Effect of assumptions changes or inputs	(3,102,312)	84,000	2,991,015	1,463,699	(684,094)	(4,969,296)	2,520,637
Benefit payments	(3,339,824)	(3,192,446)	(3,104,057)	(3,428,207)	(3,890,195)	(3,744,857)	(3,768,391)
Net changes	(1,682,374)	(4,021,793)	4,834,262	4,832,808	(794,709)	(8,337,422)	2,577,763
Ending Balance	<u>\$ 34,928,803</u>	<u>\$ 36,611,177</u>	<u>\$ 40,632,970</u>	<u>\$ 35,798,708</u>	<u>\$ 30,965,900</u>	<u>\$ 31,760,609</u>	<u>\$ 40,098,031</u>

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

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability	\$ 25,480,256	\$ 22,703,442	\$ 28,755,781	\$ 26,293,951	\$ 23,129,338	\$ 20,784,867
The District's covered payroll	259,727,531	244,146,331	236,758,995	240,593,020	232,400,381	224,184,467
Total OPEB liability as a percentage of covered payroll	9.81%	9.30%	12.15%	10.93%	9.95%	9.27%

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

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

	2023	2022	2021	2020	2019	2018
Beginning Balance	\$ 22,703,442	\$ 28,755,781	\$ 26,293,951	\$ 23,129,338	\$ 20,784,867	\$ 19,436,094
Changes for the year:						
Service cost	2,027,931	2,363,151	2,796,629	1,896,724	1,733,700	1,748,218
Interest on total OPEB liability	856,189	662,677	631,219	859,949	855,176	745,923
Effect of economic/demographic gains or losses	-	(6,416,424)	-	(3,113,871)	-	-
Effect of assumptions changes or inputs	992,783	(1,778,100)	97,068	4,441,924	605,621	(442,254)
Benefit payments	(1,100,089)	(883,643)	(1,063,086)	(920,113)	(850,026)	(703,114)
Net changes	<u>2,776,814</u>	<u>(6,052,339)</u>	<u>2,461,830</u>	<u>3,164,613</u>	<u>2,344,471</u>	<u>1,348,773</u>
Ending Balance	<u>\$ 25,480,256</u>	<u>\$ 22,703,442</u>	<u>\$ 28,755,781</u>	<u>\$ 26,293,951</u>	<u>\$ 23,129,338</u>	<u>\$ 20,784,867</u>

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

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

NOTE 1 - BUDGET SCHEDULE

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

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

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

NOTE 2 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

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

<u>Function</u>	<u>Amount</u>
Building administration services	\$ 933,266
Other support services	296,483

NOTE 3 - SCHEDULE OF CHANGES IN TOTAL SUPPLEMENTAL PENSION LIABILITY

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

Changes of Assumptions. The demographic assumptions have been updated as a result of the WRS three-year experience study for 2018-2020. The discount rate increased from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022, to reflect the Bond Buyer General Obligation 20-year Municipal Index on the measurement date. The overall impact of the change in assumptions is a decrease in benefit assumptions

There are no assets accumulated in a trust

**MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023**

NOTE 4 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

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

Changes of Assumptions. The demographic assumptions have been updated as a result of the WRS three-year experience study for 2018-2020. The discount rate increased from 3.54% as of June 30, 2022, to 3.65% as of June 30, 2023, to reflect the Bond Buyer General Obligation 20-year Municipal Index on the measurement date. The medical trend rates were changed to reflect anticipated experience under the most recent Getzen model application. The overall impact of the change in assumptions is an increase in benefit assumptions

NOTE 5 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO NET PENSION ASSETS

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

Changes of assumptions: Based on a three-year experience study conducted in 2021 covering January 1, 2018, through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015, through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

NOTE 6 - SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014. Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014. Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).
Mortality:					

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

MADISON METROPOLITAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

NOTE 6 - SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS
(Continued)

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with future improvements (margin) in mortality	Wisconsin Projected Experience Table - 2005 for women and Projected Experience Table - 2005 for men.

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

SUPPLEMENTARY INFORMATION

MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2023

	General	Special		
	Fund	Education	Eliminations	Total
	Fund	Fund		
Assets				
Cash and cash equivalents	\$ 98,305,374	\$ 150	\$ -	\$ 98,305,524
Receivables				
Taxes	66,422,148	-	-	66,422,148
Accounts	857,110	-	-	857,110
Due from other governments	19,746,399	-	-	19,746,399
Due from other funds	-	155,637	(155,637)	-
Inventories and prepaid items	4,206,342	-	-	4,206,342
Total assets	\$ 189,537,373	\$ 155,787	\$ (155,637)	\$ 189,537,523
Liabilities and fund balances				
Liabilities				
Short-term note payable	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000
Accounts payable	7,068,856	155,787	-	7,224,643
Payroll and related benefits payable	27,647,669	-	-	27,647,669
Interest and deposit payable	1,950,303	-	-	1,950,303
Unearned revenues	364,875	-	-	364,875
Due to other funds	11,763,651	-	(155,637)	11,608,014
Total liabilities	98,795,354	155,787	(155,637)	98,795,504
Fund balances				
Nonspendable	4,206,342	-	-	4,206,342
Restricted	2,268,433	-	-	2,268,433
Assigned	4,167,508	-	-	4,167,508
Unassigned	80,099,736	-	-	80,099,736
Total fund balances	90,742,019	-	-	90,742,019
Total liabilities and fund balances	\$ 189,537,373	\$ 155,787	\$ (155,637)	\$ 189,537,523

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

For the Year Ended June 30, 2023

	General Fund	Special Education Fund	Eliminations	Total
Revenues				
Property taxes	\$ 322,267,949	\$ -	\$ -	\$ 322,267,949
Other local sources	6,641,419	-	-	6,641,419
Interdistrict sources	3,833,325	91,237	-	3,924,562
Intermediate sources	6,926	-	-	6,926
State sources	80,790,938	24,955,904	-	105,746,842
Federal sources	38,074,415	7,862,050	-	45,936,465
Other sources	642,539	-	-	642,539
Total revenues	452,257,511	32,909,191	-	485,166,702
Expenditures				
Instruction				
Regular instruction	147,732,869	181,748	-	147,914,617
Vocational instruction	3,843,376	-	-	3,843,376
Special education instruction	-	63,645,812	-	63,645,812
Other instruction	25,282,052	75,959	-	25,358,011
Total instruction	176,858,297	63,903,519	-	240,761,816
Support services				
Pupil services	21,783,076	14,717,766	-	36,500,842
Instructional staff services	30,522,880	3,186,198	-	33,709,078
General administration services	29,298,915	90,333	-	29,389,248
Building administration services	77,099,567	49,110	-	77,148,677
Pupil transportation	9,915,076	3,799,928	-	13,715,004
Other support services	31,764,531	77,745	-	31,842,276
Total support services	200,384,045	21,921,080	-	222,305,125
Nonprogram	24,864,432	125,406	-	24,989,838
Debt Service	4,056,723	-	-	4,056,723
Total expenditures	406,163,497	85,950,005	-	492,113,502
Excess (deficiency) of revenues over expenditures	46,094,014	(53,040,814)	-	(6,946,800)
Other financing sources (uses)				
Subscription Arrangement	436,922	-	-	436,922
Transfer in	498,222	53,535,368	(54,029,922)	3,668
Transfer out	(53,717,281)	(494,554)	54,029,922	(181,913)
Net change in fund balances	(6,688,123)	-	-	(6,688,123)
Fund balances - beginning of year	97,430,142	-	-	97,430,142
Fund balances - end of year	\$ 90,742,019	\$ -	\$ -	\$ 90,742,019

MADISON METROPOLITAN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	\$ 329,704,995	\$ 329,704,995	\$ 322,267,949	\$ (7,437,046)
Other local sources	4,338,193	4,338,193	6,641,419	2,303,226
Interdistrict sources	4,257,744	4,257,744	3,833,325	(424,419)
Intermediate sources	10,000	10,000	6,926	(3,074)
State sources	78,811,857	78,811,857	80,790,938	1,979,081
Federal sources	63,135,903	63,135,903	38,074,415	(25,061,488)
Other sources	729,455	729,455	642,539	(86,916)
Total revenues	480,988,147	480,988,147	452,257,511	(28,730,636)
Expenditures				
Instruction				
Regular instruction	164,473,927	164,473,927	147,732,869	16,741,058
Vocational instruction	4,066,781	4,066,781	3,843,376	223,405
Other instruction	27,014,077	27,014,077	25,282,052	1,732,025
Total instruction	195,554,785	195,554,785	176,858,297	18,696,488
Support services				
Pupil services	27,706,670	27,706,670	21,783,076	5,923,594
Instructional staff services	37,832,794	37,832,794	30,522,880	7,309,914
General administration services	31,914,223	31,914,223	29,298,915	2,615,308
Building administration services	75,920,989	75,920,989	77,099,567	(1,178,578)
Pupil transportation	10,983,050	10,983,050	9,915,076	1,067,974
Other support services	30,988,128	30,988,128	31,764,531	(776,403)
Total support services	215,345,854	215,345,854	200,384,045	14,961,809
Nonprogram	26,258,853	26,258,853	24,864,432	1,394,421
Debt service	2,781,967	2,781,967	4,056,723	(1,274,756)
Total expenditures	439,941,459	439,941,459	406,163,497	33,777,962
Excess (deficiency) of revenues over expenditures	41,046,688	41,046,688	46,094,014	5,047,326
Other financing sources (uses)				
Subscription Arrangement	-	-	436,922	436,922
Transfers in	-	-	498,222	498,222
Transfers out	(63,043,451)	(63,043,451)	(53,717,281)	9,326,170
Net change in fund balance	(21,996,763)	(21,996,763)	(6,688,123)	15,308,640
Fund balance - beginning of year	97,430,142	97,430,142	97,430,142	-
Fund balance - end of year	<u>\$ 75,433,379</u>	<u>\$ 75,433,379</u>	<u>\$ 90,742,019</u>	<u>\$ 15,308,640</u>

MADISON METROPOLITAN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL EDUCATION FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Interdistrict sources	\$ -	\$ -	\$ 91,237	\$ 91,237
State sources	22,704,800	22,704,800	24,955,904	2,251,104
Federal sources	12,005,317	12,005,317	7,862,050	(4,143,267)
Total revenues	34,710,117	34,710,117	32,909,191	(1,800,926)
Expenditures				
Instruction				
Regular instruction	267,793	267,793	181,748	86,045
Special instruction	73,640,110	73,640,110	63,645,812	9,994,298
Other instruction	80,932	80,932	75,959	4,973
Total instruction	73,988,835	73,988,835	63,903,519	10,085,316
Support services				
Pupil services	14,520,309	14,520,309	14,717,766	(197,457)
Instructional staff services	3,350,425	3,350,425	3,186,198	164,227
General administration services	90,000	90,000	90,333	(333)
Building administration services	294,422	294,422	49,110	245,312
Pupil transportation	3,758,350	3,758,350	3,799,928	(41,578)
Other support services	557,665	557,665	77,745	479,920
Total support services	22,571,171	22,571,171	21,921,080	650,091
Nonprogram	203,299	203,299	125,406	77,893
Total expenditures	96,763,305	96,763,305	85,950,005	10,813,300
Excess (deficiency) of revenues over expenditures	(62,053,188)	(62,053,188)	(53,040,814)	9,012,374
Other financing sources (uses)				
Transfers in	62,219,744	62,219,744	53,535,368	(8,684,376)
Transfers out	(166,556)	(166,556)	(494,554)	(327,998)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	Special Revenue Funds				Total
	Debt Service	Special Revenue Trust	Food Service	Community Service	
Assets					
Cash and cash equivalents	\$ 6,359,150	\$ 2,451,654	\$ -	\$ 37,656	\$ 8,848,460
Receivables	-	353,625	-	-	353,625
Due from other governments	-	-	363,738	-	363,738
Due from other funds	-	2,611,593	2,667,541	3,154,005	8,433,139
Inventory	-	-	183,030	-	183,030
Total assets	<u>\$ 6,359,150</u>	<u>\$ 5,416,872</u>	<u>\$ 3,214,309</u>	<u>\$ 3,191,661</u>	<u>\$ 18,181,992</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ -	\$ 51,804	\$ 258,127	\$ 328,851	\$ 638,782
Unearned revenues	-	-	308,694	17,100	325,794
Total liabilities	-	51,804	566,821	345,951	964,576
Fund balances					
Nonspendable	-	69,983	183,030	-	253,013
Restricted	6,359,150	5,295,085	2,464,458	2,845,710	16,964,403
Total fund balances	<u>6,359,150</u>	<u>5,365,068</u>	<u>2,647,488</u>	<u>2,845,710</u>	<u>17,217,416</u>
Total liabilities and fund balances	<u>\$ 6,359,150</u>	<u>\$ 5,416,872</u>	<u>\$ 3,214,309</u>	<u>\$ 3,191,661</u>	<u>\$ 18,181,992</u>

MADISON METROPOLITAN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Debt Service	Special Revenue Trust	Food Service	Community Service	Total
Revenues					
Property taxes	\$ 19,926,000	\$ -	\$ -	\$ 15,470,204	\$ 35,396,204
Other local sources	141,715	3,815,142	1,484,566	3,669,039	9,110,462
State sources	-	-	159,117	-	159,117
Federal sources	-	-	9,567,661	-	9,567,661
Total revenues	20,067,715	3,815,142	11,211,344	19,139,243	54,233,444
Expenditures					
Instruction					
Regular instruction	-	1,282,786	-	-	1,282,786
Other instruction	-	108,648	-	-	108,648
Total instruction	-	1,391,434	-	-	1,391,434
Support Services					
Pupil services	-	449,022	-	-	449,022
Instructional staff services	-	54,646	-	-	54,646
General administration services	-	37,020	-	136,968	173,988
Building administration services	-	595,099	-	5,906,360	6,501,459
Transportation	-	334,003	-	-	334,003
Child nutrition	-	29,591	13,497,345	-	13,526,936
Community services	-	-	-	14,715,806	14,715,806
Other support services	-	321,101	-	452,771	773,872
Total support services	-	1,820,482	13,497,345	21,211,905	36,529,732
Debt Service	22,362,150	-	-	503,277	22,865,427
Total expenditures	22,362,150	3,211,916	13,497,345	21,715,182	60,786,593
Excess (deficiency) of revenues over expenditures	(2,294,435)	603,226	(2,286,001)	(2,575,939)	(6,553,149)
Other financing sources					
Leases issued	-	-	-	847,987	847,987
Premium received on bonds issued	3,849,082	-	-	-	3,849,082
Transfers in (out)	(3,668)	-	181,913	-	178,245
Net change in fund balances	1,550,979	603,226	(2,104,088)	(1,727,952)	(1,677,835)
Fund balances - beginning of year	4,808,171	4,761,842	4,751,576	4,573,662	18,895,251
Fund balances - end of year	\$ 6,359,150	\$ 5,365,068	\$ 2,647,488	\$ 2,845,710	\$ 17,217,416