

**MONROE PUBLIC SCHOOLS**  
Monroe, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2015

MONROE PUBLIC SCHOOLS

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June 30, 2015

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**COOLEY HEHL  
WOHLGAMUTH & CARLTON**  
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA  
David K. Hehl, CPA  
Peter H. Carlton, CPA  
Matthew D. Hehl, CPA  
Deborah A. Sabo, CPA  
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230  
Telephone: (734) 241-7200 • Fax: (734) 241-2637  
www.chwccpa.com

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Michigan Association of Certified Public Accountants  
Division for CPA Firms American Institute of  
Certified Public Accountants

## Independent Auditor's Report

Board of Education  
Monroe Public Schools  
Monroe, Michigan 48162

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 7 through 14, 41 through 46, and 47 through 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe Public Schools' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2015, on our consideration of the Monroe Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe Public School's internal control over financial reporting and compliance.



September 21, 2015



**COOLEY HEHL  
WOHLGAMUTH & CARLTON**  
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA  
David K. Hehl, CPA  
Peter H. Carlton, CPA  
Matthew D. Hehl, CPA  
Deborah A. Sabo, CPA  
Nicklaus W. Calkins, CPA

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Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

Board of Education  
Monroe Public Schools  
Monroe, Michigan 48162

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 21, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Monroe Public Schools' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Monroe Public School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Monroe Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 21, 2015



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Independent Auditor's Report on Compliance for  
Each Major Program and on Internal Control  
Over Compliance required by OMB Circular A-133

Board of Education  
Monroe Public Schools  
Monroe, Michigan 48162

**Report on Compliance for Each Major Federal Program**

We have audited Monroe Public Schools' compliance with the types of compliance described in OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Monroe Public Schools' major federal programs for the year ended June 30, 2015. Monroe Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Monroe Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monroe Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Monroe Public Schools' compliance.

**Opinion on Each Major Federal Program**

In our opinion, Monroe Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.



### **Internal Control Over Compliance**

Management of Monroe Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monroe Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monroe Public Schools' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely manner. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



September 21, 2015

# MONROE PUBLIC SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2015*

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This section of Monroe Public Schools annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Funds.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monroe Public Schools financially as a whole. The ***District-Wide Financial Statements***, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the School District as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the School District's operations in more detail than the ***District-Wide Financial Statements*** by providing information about the School District's most significant funds - the General Fund and Sinking Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The following summary illustrates how the various parts of this annual report are arranged:

#### *Management's Discussion and Analysis (MD&A) (Required Supplemental Information)*

#### Basic Financial Statements

*District-Wide Financial Statements*      *Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Budgetary Information for Major Funds*

*Pension Schedules*

*(Required Supplemental Information)*

*Other Supplemental Information*

# MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2015*

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## **District-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities (pages 15-16), which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The Statement of Net Position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, childcare, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

## **Fund Financial Statements**

The School District's Fund Financial Statements (pages 17-22) provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

**Governmental funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 18 and 20.

**Fiduciary funds** - The School District is the trustee, or fiduciary for its student activity funds and scholarship funds. All of the School District's fiduciary activities are reported in separate statements. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# MONROE PUBLIC SCHOOLS

## Management's Discussion and Analysis Year Ended June 30, 2015

### District-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2015 and 2014:

**Table 1**

#### Condensed Statement of Net Position (Reported, in millions)

	Governmental Activities	
	2015	2014
Current and other assets	\$17.1	\$16.6
Capital assets	21.3	20.4
<b>Total Assets</b>	<b>38.4</b>	<b>37.0</b>
Deferred outflows of resources	7.4	4.4
Current and other liabilities	8.6	9.5
Long-term liabilities	71.3	78.6
<b>Total Liabilities</b>	<b>79.9</b>	<b>88.1</b>
Deferred inflows of resources	7.5	0.0
Net Position		
Net investment in capital assets	20.2	18.2
Restricted for technology enhancement	0.0	0.2
Restricted for capital projects	2.5	3.2
Restricted for food service	0.9	1.1
Unrestricted	(65.2)	(69.4)
<b>Total Net Position</b>	<b>(\$41.6)</b>	<b>(\$46.7)</b>

As depicted in Table 1, the School District's net position was a deficit of \$41.6 million at June 30, 2015. Of this amount, there was a negative unrestricted net position of \$65.2 million. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability will have a significant impact on the change in unrestricted net position from year to year.

During the 2014-15 year, the district implemented Governmental Accounting Standard Board Statement Number 68, Accounting and Financial Reporting for Pensions. As a result, amounts for June 30, 2014 in Tables 1 and 2 were restated. Refer to Note 20 for more information.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal year ended June 30, 2015.

**MONROE PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2015*

**District-Wide Financial Analysis - Concluded**

**Table 2**

**Condensed Statement of Activities**  
(in millions)

	Governmental Activities	
	2015	2014
<b>Revenues</b>		
Program revenues:		
Charges for services	\$1.5	\$1.6
Federal grants	3.7	3.9
State and local revenue	9.9	7.9
	15.1	13.4
General revenues:		
Property taxes	18.7	18.9
State foundation allowance	26.7	25.6
Other general revenues	0.3	0.2
	45.7	44.7
 Total Revenues	 60.8	 58.1
 <b>Functions/Program Expenses</b>		
Instruction	30.0	31.8
Support services	20.6	22.2
Community services	0.7	0.7
Food services	2.7	2.6
Interest on long-term debt	0.0	0.1
Depreciation	1.6	1.6
	55.6	59.0
 Total Expenses	 55.6	 59.0
 <b>Increase (Decrease) in Net Position</b>	 \$5.2	 (\$0.9)

As indicated in Table 2, the cost of *all governmental* activities this year was \$55.6 million. Of this amount, \$15.1 million was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net position of \$5.2 million. A reconciliation of the change in fund balances to the change in net position appears on page 20.

## MONROE PUBLIC SCHOOLS

### *Management's Discussion and Analysis Year Ended June 30, 2015*

#### Fund Financial Analysis

As noted earlier, the School District uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Monroe Public Schools is being held accountable for the resources taxpayers and others provide to it and may give more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$8,663,652, which is an increase of \$1,138,742 from last year. The changes by major and nonmajor funds are as follows:

	<b>General Fund</b>	<b>Sinking Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>Fund balances - Beginning of year</b>	\$3,239,413	\$3,221,127	\$1,064,370	\$7,524,910
Increase (decrease)	1,938,449	(678,783)	(120,924)	1,138,742
<b>Fund balances – End of year</b>	\$5,177,862	\$2,542,344	\$943,446	\$8,663,652

The School District's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>Percent Change</b>
<b>Revenues</b>			
Local sources	\$16,409,079	\$16,731,895	(1.9)%
State sources	34,177,587	31,421,185	8.8%
Federal sources	2,056,341	2,036,355	1.0%
Interdistrict and other sources	3,567,332	3,537,269	0.8%
Other financing sources	30,000	1,800,889	(98.3)%
	\$56,240,339	\$55,527,593	1.3%

There is an 8.8% increase in State sources from 2014 to 2015. This increase of \$2,756,402 is mainly attributed to increases in state aid. There is a 98.3% decrease in other financing sources from 2014 to 2015. This decrease of \$1,770,889 is attributed to technology equipment and vehicle financing in 2014. On the following page, the table reflects decreases of 96.7% in prior period adjustments and 45.5% in interdistrict and other uses which is due to a decrease in Title III grant funds requested by other school districts in 2014. Monroe Public Schools serves as the fiscal agent for this grant.

**MONROE PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2015*

**Fund Financial Analysis – Concluded**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percent Change</u>
<b>Expenditures</b>			
Instruction	\$31,375,692	\$31,856,117	(1.5)%
Support services	20,382,059	22,060,074	(7.6)%
Community services	684,304	721,769	(5.2)%
Athletics	750,697	726,343	3.4%
Interdistrict and other uses	17,451	32,009	(45.5)%
Prior period adjustments	341	10,292	(96.7)%
Debt service	<u>1,091,346</u>	<u>1,113,773</u>	(2.0)%
	<u>\$54,301,890</u>	<u>\$56,520,377</u>	(3.9)%

**General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires the Board of Education to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. The following table summarizes the original budget, final budget, and budget variances:

**General Fund Original Budget versus Final Budget**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Original versus Final Budget Variance</u>
Revenues	\$54,515,088	\$56,683,771	4.0%
Expenditures	\$55,672,425	\$56,118,787	0.8%

Revisions to the General Fund original budget were as follows:

Revenues – The original budget for revenues was \$54.5 million versus the final budget of \$56.7 million. Although the net result of the revenue budget adjustments was minor, components of revenue and the original versus final projections are discussed below:

- The significant adjustments were the result of an increase in state aid, special education, and MPSERS UAAL funding.

# MONROE PUBLIC SCHOOLS

## Management's Discussion and Analysis Year Ended June 30, 2015

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### General Fund Budgetary Highlights - Concluded

Expenditures – The original budget for expenditures and transfers out was \$55.7 million compared to the final budget of \$56.1 million. There were various reasons for this increase.

- The significant adjustments were a result of MPSERS UAAL payments and staffing changes.

### General Fund Final Budget versus Actual

	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget versus Actual Variance</u>
Revenues	\$56,683,771	\$56,240,339	(0.8)%
Expenditures	\$56,118,787	\$54,301,890	3.2%

### Final Budget versus Actual Figures

- Revenue – The final revenue budget was estimated at \$56.7 million. The General Fund actual revenue as of June 30, 2015, was \$56.2 million. The variance between the final amended budget and actual revenue received was due to unspent grant funds at June 30, 2015. Most of the federal grants have a September 30, 2015 ending date. Therefore, the balance can be spent in the following fiscal year.
- Expenditures – The final budgeted expenditures and operating transfers out were \$56.1 million. The actual expenditures and operating transfers out were \$54.3 million. Expenditure variances were primarily attributed to not fully expending various grant and technology millage funds. These funds will be carried forward to the 2015-2016 fiscal year. Additional budget balances were due to reductions in utility costs and unspent supply money.

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2015, the School District had \$53.2 million invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and vehicles. This amount represents a net increase (including additions and disposals) of approximately \$2.5 million from last year. This year's additions of \$2.5 million included construction in progress, land improvements, building improvements, and equipment. Depreciation for this year totaled \$1,619,600. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

#### Debt

At June 30, 2015, the School District had \$0.5 million in outstanding notes payable. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations include accrued vacation, sick, and termination pay of \$2.9 million. More detailed information about long-term liabilities is presented in Note 9 to the Financial Statements.



# MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis*  
*Year Ended June 30, 2015*

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## **Development of the 2015-2016 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2015-2016 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2015-2016 fiscal year is 90 percent of the October 2015 and 10 percent of the February 2015 student counts. The 2015-2016 budget was adopted in June 2015. Based on early enrollment data at the start of the 2015-2016 school year, we anticipate that the fall student count will be less than the estimates used in creating the 2015-2016 budget.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly.

## **Contacting Monroe Public Schools Business Office**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, 1275 N. Macomb St., P.O. Box 733, Monroe, MI 48162.

## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

**MONROE PUBLIC SCHOOLS**

*Statement of Net Position*  
*June 30, 2015*

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$10,184,856
Accounts/taxes receivable	44,270
Due from other governmental units	6,642,805
Inventories	4,526
Deposits	132,700
Prepays	59,896
Capital assets less accumulated depreciation	21,357,160
	<hr/>
Total Assets	38,426,213
<b>Deferred Outflows of Resources</b>	
Deferred amount of pension expense	7,392,139
<b>Liabilities</b>	
Accounts payable	1,058,178
Note payable	1,260,904
Salaries payable	3,176,847
Other liabilities	1,734,893
Accrued interest payable	11,993
Unearned revenue	581,816
Due to other governmental units	592,763
Long-term liabilities:	
Net pension liability	67,464,298
Due within one year	231,155
Due in more than one year	3,797,635
	<hr/>
Total Liabilities	79,910,482
<b>Deferred Inflows of Resources</b>	
Deferred amount of net pension liability	7,459,998
<b>Net Position</b>	
Net investment in capital assets	20,186,225
Restricted for technology enhancement	41,738
Restricted for capital projects	2,547,254
Restricted for food service	938,536
Unrestricted	(65,265,881)
	<hr/>
Total Net Position	(\$41,552,128)

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Statement of Activities  
Year Ended June 30, 2015*

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
<b>Governmental Activities:</b>				<b>Governmental Activities</b>
Instruction and instructional support	\$29,999,338	\$4,073	\$5,779,018	(\$24,216,247)
Support services	20,600,397	196,858	5,801,995	(14,601,544)
Community services	668,634	489,791	79,043	(99,800)
Food services	2,724,904	788,791	1,948,040	11,927
Interest on long-term debt	30,065	0	0	(30,065)
Depreciation (unallocated)	1,619,600	0	0	(1,619,600)
<b>Total Governmental Activities</b>	<u>\$55,642,938</u>	<u>\$1,479,513</u>	<u>\$13,608,096</u>	<u>(40,555,329)</u>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Property taxes, levied for general operations				15,543,203
Property taxes, levied for technology				1,523,369
Property taxes, levied for sinking fund				1,707,010
State of Michigan aid, unrestricted				26,671,137
Interest income				16,930
Other				242,355
<b>Total General Revenues</b>				<u>45,704,004</u>
<b>Change in Net Position</b>				5,148,675
Net Position - Beginning of year, restated				<u>(46,700,803)</u>
Net Position - End of year				<u>(\$41,552,128)</u>

See accompanying notes to the basic financial statements.

**FUND FINANCIAL STATEMENTS**

**MONROE PUBLIC SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2015*

	General	Sinking Fund	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$6,329,350	\$2,839,496	\$1,016,010	\$10,184,856
Accounts receivable	33,593	0	10,677	44,270
Due from other governmental units	6,579,301	31	63,473	6,642,805
Inventory	4,526	0	0	4,526
Deposits	132,700	0	0	132,700
Prepaid expenditures	59,896	0	0	59,896
Total Assets	<u>\$13,139,366</u>	<u>\$2,839,527</u>	<u>\$1,090,160</u>	<u>\$17,069,053</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$631,965	\$297,183	\$129,030	\$1,058,178
Note payable	1,260,904	0	0	1,260,904
Salaries payable	3,176,012	0	835	3,176,847
Due to other governmental units	592,114	0	649	592,763
Other liabilities	1,734,815	0	78	1,734,893
Unearned revenue	565,694	0	16,122	581,816
Total Liabilities	<u>7,961,504</u>	<u>297,183</u>	<u>146,714</u>	<u>8,405,401</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	4,526	0	0	4,526
Prepaid expenditures	59,896	0	0	59,896
Restricted for:				
Technology enhancement	41,738	0	0	41,738
Capital projects	0	2,542,344	0	2,542,344
Food service	0	0	938,536	938,536
Assigned to:				
Termination pay	147,438	0	0	147,438
Capital projects	0	0	4,910	4,910
Unassigned	4,924,264	0	0	4,924,264
Total Fund Balances	<u>5,177,862</u>	<u>2,542,344</u>	<u>943,446</u>	<u>8,663,652</u>
Total Liabilities and Fund Balances	<u>\$13,139,366</u>	<u>\$2,839,527</u>	<u>\$1,090,160</u>	<u>\$17,069,053</u>

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2015*

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<b>Total Fund Balances - Governmental Funds</b>		\$8,663,652
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$53,153,891	
Accumulated depreciation	<u>(31,796,731)</u>	
		21,357,160
 Deferred outflows of resources from subsequent pension expense from measurement date		 7,392,139
 Deferred inflows of resources resulting from net pension liability		 (7,459,998)
 Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability	(67,464,298)	
Accrued interest	(11,993)	
Notes payable	(466,379)	
Capital leases	(704,556)	
Compensated absences	<u>(2,857,855)</u>	
		<u>(71,505,081)</u>
 <b>Total Net Position - Governmental Activities</b>		 <u><u>(\$41,552,128)</u></u>

See accompanying notes to the basic financial statements.



**MONROE PUBLIC SCHOOLS**

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2015*

	General	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$16,409,079	\$1,840,661	\$797,253	\$19,046,993
State sources	34,177,587	0	101,288	34,278,875
Federal sources	2,056,341	0	1,846,752	3,903,093
Interdistrict and other sources	3,567,332	0	0	3,567,332
<b>Total Revenues</b>	<b>56,210,339</b>	<b>1,840,661</b>	<b>2,745,293</b>	<b>60,796,293</b>
<b>Expenditures</b>				
Instruction	31,375,692	0	0	31,375,692
Support services	20,382,059	0	2,836,217	23,218,276
Community services	684,304	0	0	684,304
Athletics	750,697	0	0	750,697
Interdistrict and other uses	17,451	0	0	17,451
Prior period adjustments	341	0	0	341
Debt service	1,091,346	0	0	1,091,346
Capital outlay	0	2,519,444	0	2,519,444
<b>Total Expenditures</b>	<b>54,301,890</b>	<b>2,519,444</b>	<b>2,836,217</b>	<b>59,657,551</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>1,908,449</b>	<b>(678,783)</b>	<b>(90,924)</b>	<b>1,138,742</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	30,000	0	0	30,000
Operating transfers out	0	0	(30,000)	(30,000)
<b>Total Other Financing Sources (Uses)</b>	<b>30,000</b>	<b>0</b>	<b>(30,000)</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>1,938,449</b>	<b>(678,783)</b>	<b>(120,924)</b>	<b>1,138,742</b>
Fund Balances - Beginning of year	3,239,413	3,221,127	1,064,370	7,524,910
Fund Balances - End of year	\$5,177,862	\$2,542,344	\$943,446	\$8,663,652

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2015*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$1,138,742</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:</p>	
Depreciation expense	(\$1,619,600)
Capital outlay	<u>2,594,973</u>
	975,373
<p>Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.</p>	
	53,965
<p>Repayments of principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).</p>	
	1,007,316
<p>The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>	
Net change in pension liability	6,034,836
Net change in the deferred inflow of resources related to the net pension liability	(7,459,998)
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	2,992,209
<p>Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.</p>	
	410,912
<p>Net book value of the disposal of capital assets reduces the assets in the statement of activities; but does not affect the governmental funds.</p>	
	<u>(4,680)</u>
	<u><u>\$5,148,675</u></u>

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2015*

	<u>Agency Fund</u>	<u>Private-Purpose Trusts</u>	
	<u>Student Activities</u>	<u>Scholarships and Other</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$327,943	\$437,079	\$765,022
Receivables:			
Loans	<u>0</u>	<u>780</u>	<u>780</u>
Total Assets	<u>\$327,943</u>	<u>\$437,859</u>	<u>\$765,802</u>
<b>Liabilities and Net Position</b>			
Due to student groups	\$327,943	\$0	\$327,943
Accounts Payable	<u>0</u>	<u>154</u>	<u>154</u>
	327,943	154	328,097
<b>Net Position</b>			
Reserved for loans receivable	0	780	780
Nonexpendable endowments	0	192,712	192,712
Expendable endowments	<u>0</u>	<u>244,213</u>	<u>244,213</u>
Total Net Position	<u>0</u>	<u>437,705</u>	<u>437,705</u>
Total Liabilities and Net Position	<u>\$327,943</u>	<u>\$437,859</u>	<u>\$765,802</u>

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Fiduciary Funds*  
*Statement of Changes in Fiduciary Net Position*  
*Year Ended June 30, 2015*

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	<u>Scholarships and Other</u>
<b>Additions</b>	
Private donations	\$25,169
Interest income	<u>2,120</u>
Total Additions	27,289
<b>Deductions</b>	
Scholarships/other	<u>101,314</u>
<b>Change in Net Position</b>	(74,025)
Net Position - Beginning of year	<u>511,730</u>
Net Position - End of year	<u><u>\$437,705</u></u>

See accompanying notes to the basic financial statements.

# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2015*

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Note 1      Description of the School District and Reporting Entity

The School District operates under a locally elected seven member Board form of government and provides educational and supportive services as mandated by the State of Michigan and/or federal agencies. This Board of Education controls the School District's instructional and support facilities.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Monroe Public Schools, this includes general operations, athletics, food service, debt, sinking, building and site, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

Note 2      Summary of Significant Accounting Policies

The financial statements of Monroe Public Schools have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

Basis of Presentation

A. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. All of the School District's district-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2015*

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Note 2      Summary of Significant Accounting Policies (Continued)  
Basis of Presentation (Concluded)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

The General Fund is the School District's primary operating fund. The General Fund accounts for all financial resources of the School District, except those required to be accounted for in another fund.

The Sinking Fund accounts for property taxes levied for major capital improvements.

The School District reports the following nonmajor governmental funds:

The Food Service Fund and the Building and Site Fund are the School District's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the School District is allowed to invest in U.S. Treasury of Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

# MONROE PUBLIC SCHOOLS

Notes to Financial Statements  
Year Ended June 30, 2015

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## Note 2      Summary of Significant Accounting Policies (Continued)

### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent February 15 of the following year. A portion of property taxes assessed are received by the School District from the State of Michigan in the form of a Foundation Allowance. The Foundation Allowance represents the difference between an amount guaranteed by the state and the per pupil tax revenue generated from an 18 mill levy (subject to Headlee rollback) on all non-homestead property. To meet the district per pupil guarantee, the state levies 6 mills on all taxable property on a statewide basis.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as expenditures when received.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvement	20 years
Buildings and building improvements	50 years
Machinery and equipment	5-20 years
Vehicles	8 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/due from." These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2015*

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Note 2      Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)

Compensated Absences (Concluded)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's employment contracts.

The entire compensated absence liability is reported on the district-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "other liabilities" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding and pension contributions reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension contributions made after the plan's measurement date, but before the fiscal year end. The amount is expensed in the plan year in which it applies.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district has two items that qualify for reporting in this category. They are the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.



# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2015*

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Note 2      Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Concluded)

Net Position - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Non-spendable, Restricted, Committed, Assigned, and Unassigned - The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 10% of the District General Fund annual operating expenditures.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and the Special Revenue Fund are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.

# MONROE PUBLIC SCHOOLS

## *Notes to Financial Statements Year Ended June 30, 2015*

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### Note 2      Summary of Significant Accounting Policies (Concluded)

#### F. Budgetary Policies (Concluded)

3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.
5. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

G. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2015 through September 21, 2015, the date the financial statements were available to be issued.

### Note 3      Stewardship, Accountability and Compliance

The School District shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended June 30, 2015, the School incurred expenditures in certain budgetary function which were in excess of the amounts appropriated. There were no deficit fund balances for any of the School's funds required to be budgeted.

### Note 4      Deposits and Investments

As of June 30, 2015, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, PNC Bank, and Fifth Third Bank.

*Interest rate risk.* The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.

*Concentration of credit risk.* As of June 30, 2015, the School District does not place any limits on the amount the School District may deposit or invest in any one issuer.

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$12,595,925 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$1,000,000. Uninsured deposits are \$11,595,925.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

Note 4      Deposits and Investments (Concluded)

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District did not have outstanding investments of this nature at June 30, 2015. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the School District will do business.

*Foreign currency risk.* The School District is not authorized to invest in investments which have this type of risk.

Note 5      Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets not being depreciated:				
Land	\$613,940	\$0	\$0	\$613,940
Construction in progress	405,115	336,942	405,115	336,942
	<u>1,019,055</u>	<u>336,942</u>	<u>405,115</u>	<u>950,882</u>
Capital assets being depreciated:				
Land improvements	5,714,753	739,759	0	6,454,512
Buildings and building improvements	33,615,266	1,712,467	0	35,327,733
Machinery and equipment	5,761,615	210,920	80,251	5,892,284
Vehicles	4,579,422	0	50,943	4,528,479
	<u>49,671,056</u>	<u>2,663,146</u>	<u>131,194</u>	<u>52,203,008</u>
Total capital assets	50,690,111	3,000,088	536,309	53,153,890
Less accumulated depreciation:				
Land improvements	(2,884,753)	(198,241)	0	(3,082,994)
Buildings and building improvements	(19,853,138)	(814,653)	0	(20,667,791)
Machinery and equipment	(4,275,452)	(330,846)	(75,571)	(4,530,727)
Vehicles	(3,290,301)	(275,860)	(50,943)	(3,515,218)
	<u>(30,303,644)</u>	<u>(1,619,600)</u>	<u>(126,514)</u>	<u>(31,796,730)</u>
Total accumulated depreciation	(30,303,644)	(1,619,600)	(126,514)	(31,796,730)
Net capital assets	<u>\$20,386,467</u>	<u>\$1,380,488</u>	<u>\$409,795</u>	<u>\$21,357,160</u>

Depreciation expense was charged to governmental functions as an unallocated expense.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

Note 6      Interfund Transfers

Interfund transfers at June 30, 2015, consisted of the following:

TRANSFERS OUT	
TRANSFERS IN	<u>Food Service</u>
	General Fund <u><u>\$30,000</u></u>

The transfer from Food Service to the General Fund represents monies collected in one fund and supported administratively by another fund.

Note 7      Defined Benefit Pension Plans and Postemployment Benefits

Plan Description - The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools/0,1607,7-206-36585-,00.html>.

Benefits Provided - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Pension Reform 2010 - On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012 - On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

# MONROE PUBLIC SCHOOLS

## *Notes to Financial Statements* *Year Ended June 30, 2015*

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### Note 7      Defined Benefit Pension Plans and Postemployment Benefits (Continued) Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus (PPP) members, age 60 with 10 years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus -An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 - Credited Service after the Transition Date times 1.5% times FAC.

Option 2 - Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC. Option 4 - None (Member will receive benefit through a Defined Contribution plan).

Final Average Compensation - Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

Member Contributions - The majority of the members currently participate on a contributory basis, under a variety of options "Benefits Provided." School Districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer Contributions - Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

The District's pension contributions for the year ended June 30, 2015 were equal to the required contribution total. Pension contributions were approximately \$8,645,323, with \$7,176,784 specifically for the Defined Benefit Plan. These amounts include Section 147 contributions also.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

Note 7      Defined Benefit Pension Plans and Postemployment Benefits (Continued)  
Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities - At June 30, 2015, the District reported a liability of \$67,464,298 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2013 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At September 30, 2014, the District's proportion was 0.30629 percent.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2015, the District recognized pension expense of \$5,464,331. At June 30, 2015, the School 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>
Changes of assumptions	\$2,489,288	\$0
Changes in proportion and differences between school district contributions and proportionate share of contributions	0	(1,792)
Net differences between projected and actual plan investments earnings	0	(7,458,206)
School district's contributions subsequent to the measurement date	<u>4,902,851</u>	<u>0</u>
	<u>\$7,392,139</u>	<u>(\$7,459,998)</u>

Deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date were \$4,902,851, and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2015	(\$1,217,726)
2016	(1,217,726)
2017	(1,217,726)
2018	(1,317,532)

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

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**Note 7**      Defined Benefit Pension Plans and Postemployment Benefits (Continued)

Actuarial Assumptions - Investment rate of return - 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation - 2.5%

Mortality assumptions - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Female Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. The final rates used include no margin for future mortality improvement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2014. An assumption experience study is performed every five years. The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2008 to September 30, 2013. As a result of this actuarial experience study, the actuarial assumptions were adjusted to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments - The rate was 8% (7% Pension Plus Plan) net of investment and administrative expenses was determined using a 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.

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	4.80%
Alternate Investment Pools	18.00%	8.50%
International Equity	16.00%	6.10%
Fixed Income Pools	10.50%	1.50%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	15.50%	6.30%
Short Term Investment Pools	2.00%	(0.2)%
	100.00%	

\* Long term rate of return does not include 2.50% inflation

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

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**Note 7**      **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

Discount rate - The discount rate used to measure the total pension liability was 8% (7% for Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	<u>1% Lower (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Higher (9.0%)</u>
School District's proportionate share of the net pension liability	<u>\$88,945,802</u>	<u>\$67,464,298</u>	<u>\$49,365,813</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2014 Comprehensive Annual Financial Report, available here: <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>.

**Benefit Provisions - Other Postemployment**

***Introduction***

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.



## MONROE PUBLIC SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2015*

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Note 7      Defined Benefit Pension Plans and Postemployment Benefits (Concluded)

Retiree Healthcare Reform of 2012 - Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after December 1, 2012.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Employer Contributions - The District postemployment healthcare contributions to MPERS for the year ended June 30, 2015 were approximately \$859,000.

Note 8      Enhancement Millage for Technology

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 3, 2011, at 0.9866 mill for an additional five years, 2012 to 2016. The intermediate school district will distribute the tax collections to the local public school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

Note 9      Long-Term Debt

Following is a summary of changes in long-term debt:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Notes Payable:					
Fifth Third Leasing Co.					
Telecommunication System	\$108,053	\$ -	\$108,053	\$ -	\$ -
Fifth Third Bank					
Fourteen vehicles	<u>639,536</u>	<u>-</u>	<u>227,157</u>	<u>466,379</u>	<u>231,155</u>
	801,589	-	335,210	466,379	231,155
Other Liabilities:					
Compensated absences	<u>3,268,767</u>	<u>14,916</u>	<u>425,827</u>	<u>2,857,856</u>	<u>32,007</u>
	<u>\$4,070,356</u>	<u>\$14,916</u>	<u>\$761,037</u>	<u>\$3,324,235</u>	<u>\$263,162</u>

	<u>Balance</u> <u>June 30, 2015</u>
Notes Payable:	
Fifth Third Bank Vehicle Note: Term note, payable \$239,363 annually, beginning November 1, 2014, including interest at 1.76% due November 1, 2016, secured by vehicles.	\$466,379
Total Notes Payable	<u>\$466,379</u>

Compensated absences payable represents vested benefits for unused vacation, sick and termination pay under formulas and conditions specified in various employment contracts.

Annual principal and interest requirements to maturity for the above note payable obligations are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	<u>\$231,155</u>	<u>\$8,208</u>	<u>\$239,363</u>
2017	<u>235,224</u>	<u>4,140</u>	<u>239,364</u>
	<u>\$466,379</u>	<u>\$12,348</u>	<u>\$478,727</u>

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

Note 10    Lease Commitments

Capital Leases

The School District has entered into several capital leases for the purchase of equipment. The equipment leases are payable from the General Fund and are reported as an expenditure and other financing source in the year of acquisition. The present value of the capital leases are:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$704,554
Less: amount representing interest	<u>34,415</u>
Present value of future minimum lease payments	<u>\$670,139</u>
Cost of equipment	<u>\$2,905,606</u>

Operating Lease

The School District entered into an operating lease with University Office Technologies for the use of copiers. The lease term is sixty (60) months, ending June 30, 2017. The cost per year will vary due to the flexible use of equipment and the number of copies produced per month. An average cost per year will be approximately \$166,000 per year.

The School District entered into an operating lease with Neopost for the use of postage meters and a folding/inserting system. The lease term is sixty (60) months, ending March 2017. The following are the annual lease payment obligations:

<u>Year</u>	<u>Amount</u>
2016	\$14,962
2017	<u>11,221</u>
	<u>\$26,183</u>

Note 11    Property Taxes

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2014 property taxes were levied on December 1, 2014 on assessed valuations as of December 31, 2013. Taxes were collected beginning December 1, 2014, and payments were due by February 14, 2015. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2014 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$893,156,636	18.0000	\$16,076,819
Commercial Personal Property	47,238,682	6.0000	283,432
Sinking Fund	1,717,645,813	1.0000	<u>1,717,646</u>
Total			<u>\$18,077,897</u>

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

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Note 12    Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2015, the School District incurred claims of \$0.

Note 13    Cafeteria Contract

During the fiscal year ended June 30, 2015, the School District contracted with Sodexo Management, Inc. to cover all cafeterias within the School District. Pursuant to this agreement, Sodexo Management, Inc. manages the food service operations of the School District. All costs of Sodexo Management, Inc. have been reflected in the financial statements of the Food Service Fund as purchased services.

Note 14    Short-Term Debt Activity

The School District has various options for short-term financing including tax anticipation notes, state aid anticipation notes, and lines of credit. During the fiscal year ended June 30, 2015, the School District entered into a short-term financing arrangement. This arrangement was for a state aid anticipation note, secured against the state aid fund allowance, through the Michigan Municipal Bond Authority.

Short-term debt activity for the year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2015</u>
State aid anticipation note	<u>\$1,190,325</u>	<u>\$9,000,000</u>	<u>\$8,929,421</u>	<u>\$1,260,904</u>

The short-term financing was utilized for cash-flow purposes based on the timing of School District revenues through state aid allowances.

Note 15    Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2015.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2015*

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Note 16     Risk Management and Insurance Pool

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims, self-funds worker's compensation claims subject to stop loss insurance, and participates in the SET-SEG risk pool for general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The SET-SEG shared risk pool program in which the School District participates operates as a common risk sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 17     Governmental Regulation

Substantially all of the School District's facilities are subject to federal, state, and local provisions regulating the discharge of material into the environment. Compliance with these provisions has not had, nor does the School District expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

Note 18     Sinking Fund

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Note 19     Building and Site

The Building and Site Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provision of §1351a of the Revised School Code.

Note 20     New Accounting Standard

For the year ended June 30, 2015 the District implemented the following new pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary:

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2015*

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Note 20    New Accounting Standard (Concluded)

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is as follows:

	<u>Governmental Activities</u>
Net position as previously stated July 1, 2014	\$22,398,401
Adoption of GASB 68 and 71	
Net pension liability	(73,499,134)
Deferred outflows	<u>4,399,930</u>
Net position as restated July 1, 2014	<u><u>(\$46,700,803)</u></u>

Note 21    Upcoming Accounting Pronouncement

Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

## REQUIRED SUPPLEMENTAL INFORMATION

**MONROE PUBLIC SCHOOLS**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2015*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$17,002,075	\$16,185,805	\$16,409,079	\$223,274
State sources	31,381,132	34,169,744	34,177,587	7,843
Federal sources	2,830,751	2,745,762	2,056,341	(689,421)
Interdistrict and other sources	3,271,130	3,549,690	3,564,562	14,872
<b>Total Revenues</b>	<b>54,485,088</b>	<b>56,651,001</b>	<b>56,207,569</b>	<b>(443,432)</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	25,558,530	25,640,112	25,414,240	225,872
Added needs	6,224,322	6,153,429	5,877,764	275,665
Adult/continuing education	57,000	87,470	83,688	3,782
Support services:				
Pupil	2,272,400	2,484,271	2,414,882	69,389
Instructional staff	2,783,170	2,857,318	2,517,429	339,889
General administration	600,010	506,140	472,843	33,297
School administration	3,231,475	3,251,598	3,135,206	116,392
Business administration	821,060	845,590	812,534	33,056
Operation and maintenance	5,639,155	5,656,070	5,467,004	189,066
Pupil transportation	3,682,601	3,550,772	3,346,103	204,669
Central services	1,950,408	2,340,198	2,216,058	124,140
Athletics	755,835	790,100	750,697	39,403
Community services	876,272	777,909	684,304	93,605
Interdistrict and other uses	128,799	85,961	17,451	68,510
Prior period adjustments	0	500	341	159
Debt service:				
Principal retirement	1,007,320	1,007,320	1,007,318	2
Interest and fiscal charges	84,068	84,029	84,028	1
<b>Total Expenditures</b>	<b>55,672,425</b>	<b>56,118,787</b>	<b>54,301,890</b>	<b>1,816,897</b>
Excess (Deficiency) of Revenue Over Expenditures	(1,187,337)	532,214	1,905,679	1,373,465
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	0	2,770	2,770	0
Operating transfers in	30,000	30,000	30,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>30,000</b>	<b>32,770</b>	<b>32,770</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(1,157,337)</b>	<b>564,984</b>	<b>1,938,449</b>	<b>1,373,465</b>
Fund Balances - Beginning of year	1,891,219	3,239,413	3,239,413	0
Fund Balances - End of year	\$733,882	\$3,804,397	\$5,177,862	\$1,373,465



**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2015*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$15,322,920	\$15,504,228	\$181,308
Tuition	2,850	2,850	0
Transportation fees	16,000	15,850	(150)
Interest income	11,300	10,806	(494)
Test fees	1,030	1,223	193
Child care	277,600	297,419	19,819
Rental income	90,000	96,555	6,555
Community activities	86,680	95,817	9,137
Athletics	184,730	188,809	4,079
Other revenue	192,695	195,522	2,827
Total Local Sources	<u>16,185,805</u>	<u>16,409,079</u>	<u>223,274</u>
<b>State Sources</b>			
Unrestricted grants:			
Foundation	26,260,500	26,181,482	(79,018)
Best practices	295,570	312,652	17,082
Performance based learning	176,900	177,003	103
Restricted grants:			
At Risk	1,682,741	1,611,232	(71,509)
Special education	2,474,150	2,474,159	9
Headlee obligation	147,680	147,738	58
MPSERS offset	361,040	360,719	(321)
MPSERS UAAL	2,263,165	2,261,504	(1,661)
Technology Infrastructure	273,258	273,261	3
Other state grants	76,940	71,676	(5,264)
Transfer from intermediate school district:			
Vocational education added costs	157,800	160,728	2,928
Adult Education	0	145,433	145,433
Total State Sources	<u>34,169,744</u>	<u>34,177,587</u>	<u>7,843</u>
<b>Federal Sources</b>			
Title I	1,907,874	1,424,583	(483,291)
Title II Improving teacher quality	545,591	423,577	(122,014)
Title III Limited english	122,291	32,303	(89,988)
SEMCA	83,380	87,299	3,919
Transfer from intermediate school district:			
Medicaid outreach	15,300	17,253	1,953
Perkins	71,326	71,326	0
Total Federal Sources	<u>2,745,762</u>	<u>2,056,341</u>	<u>(689,421)</u>
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school districts:			
County special education tax	1,977,690	1,977,697	7
Technology enhancement millage	1,523,300	1,523,369	69
CTE Director	47,800	62,583	14,783
Prior period adjustments	900	913	13
Proceeds from sale of capital assets	2,770	2,770	0
Transfer from food service	30,000	30,000	0
Total Interdistrict and Other Sources	<u>3,582,460</u>	<u>3,597,332</u>	<u>14,872</u>
Total Revenues	<u><u>\$56,683,771</u></u>	<u><u>\$56,240,339</u></u>	<u><u>(\$443,432)</u></u>

**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2015*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Instruction</b>			
Basic Programs:			
Elementary	\$7,635,231	\$5,225,584	\$316,115
Middle School	2,059,418	1,345,364	122,691
High School	3,751,659	2,427,478	585,769
Pre-School	0	0	0
Summer School	60,492	27,118	0
	<u>13,506,800</u>	<u>9,025,544</u>	<u>1,024,575</u>
Added Needs:			
Special education	2,179,500	1,236,146	31,422
Compensatory education	523,468	261,204	383,927
Vocational education	609,361	426,999	18,954
	<u>3,312,329</u>	<u>1,924,349</u>	<u>434,303</u>
Adult/Continuing Education:			
Adult/Continuing education	52,640	22,426	0
	<u>52,640</u>	<u>22,426</u>	<u>0</u>
Total Instruction	16,871,769	10,972,319	1,458,878
<b>Support Services</b>			
Pupil:			
Truancy	23,151	3,816	142,686
Guidance	365,575	192,998	38,916
Health	9,521	4,167	62,440
Speech	415,443	297,072	14,104
Social work services	100,456	54,488	238,282
Teacher consultants	165,744	110,588	49
Other pupil services	80,049	34,116	38,733
	<u>1,159,939</u>	<u>697,245</u>	<u>535,210</u>
Instructional Staff:			
Improvement of instruction	653,587	468,132	288,474
Educational media services	6,030	881	0
Instruction related technology	0	0	0
Supervision and direction	364,384	219,688	96,457
Academic student assessment	4,145	1,465	31,645
	<u>1,028,146</u>	<u>690,166</u>	<u>416,576</u>
General Administration:			
Board of Education	12,120	2,177	128,946
Executive administration	208,484	102,700	5,978
	<u>220,604</u>	<u>104,877</u>	<u>134,924</u>
School Administration:			
Office of the principal	1,724,361	1,107,671	268,577
Other school administration	0	0	15
	<u>1,724,361</u>	<u>1,107,671</u>	<u>268,592</u>
Business Administration:			
Fiscal services	305,666	183,384	34,272
Internal services	63,662	39,899	614
Other business services	0	0	35,779
	<u>369,328</u>	<u>223,283</u>	<u>70,665</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$383,756	\$99,019	\$3,150	\$13,662,855	\$13,752,074	\$89,219
190,648	106,178	3,974	3,828,273	3,836,579	8,306
139,279	177,833	748,979	7,830,997	7,856,935	25,938
0	0	0	0	0	0
4,505	0	0	92,115	194,524	102,409
718,188	383,030	756,103	25,414,240	25,640,112	225,872
935	4,481	0	3,452,484	3,477,820	25,336
44,429	0	0	1,213,028	1,361,365	148,337
143,435	0	13,503	1,212,252	1,314,244	101,992
188,799	4,481	13,503	5,877,764	6,153,429	275,665
8,434	0	188	83,688	87,470	3,782
915,421	387,511	769,794	31,375,692	31,881,011	505,319
0	0	3,911	173,564	187,150	13,586
4,634	0	0	602,123	621,670	19,547
410	0	13,277	89,815	97,020	7,205
256	0	0	726,875	729,360	2,485
0	0	0	393,226	417,441	24,215
0	0	0	276,381	275,480	(901)
0	0	0	152,898	156,150	3,252
5,300	0	17,188	2,414,882	2,484,271	69,389
42,354	0	0	1,452,547	1,670,839	218,292
2,830	0	0	9,741	13,300	3,559
290,733	0	16,232	306,965	336,724	29,759
14,867	13,625	1,900	710,921	783,805	72,884
0	0	0	37,255	52,650	15,395
350,784	13,625	18,132	2,517,429	2,857,318	339,889
0	0	10,944	154,187	178,650	24,463
744	0	750	318,656	327,490	8,834
744	0	11,694	472,843	506,140	33,297
11,888	14,374	7,224	3,134,095	3,249,598	115,503
1,096	0	0	1,111	2,000	889
12,984	14,374	7,224	3,135,206	3,251,598	116,392
1,481	0	17,025	541,828	555,785	13,957
82,483	2,123	0	188,781	207,280	18,499
0	0	46,146	81,925	82,525	600
83,964	2,123	63,171	812,534	845,590	33,056

**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2015*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Support Services (Concluded)</b>			
Operating Buildings Services:			
Operation and maintenance	\$1,390,999	\$1,047,458	\$1,164,942
Security services	0	0	468,489
	<u>1,390,999</u>	<u>1,047,458</u>	<u>1,633,431</u>
Pupil transportation	1,303,252	993,498	673,836
Central Services:			
Plan, research, develop & evaluation	26,250	11,741	30,956
Communication services	0	0	60,307
Staff/Personnel services	235,371	145,878	93,587
Technology	340,438	201,702	400,345
Pupil accounting	44,097	35,438	66
	<u>646,156</u>	<u>394,759</u>	<u>585,261</u>
Athletics	259,838	145,182	239,451
Total Support Services	8,102,623	5,404,139	4,557,946
<b>Community Services</b>			
Community recreation	48,168	25,025	57,629
Community activities	0	0	4,444
Custody and care of children	105,587	59,594	91,573
Non-Public school pupils	138,738	86,426	38,478
	<u>292,493</u>	<u>171,045</u>	<u>192,124</u>
Total Community Services			
<b>Interdistrict and Other Uses</b>			
Other	0	0	0
<b>Prior Period Adjustments</b>	0	0	0
<b>Debt Service</b>			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service			
Total Expenditures	<u>\$25,266,885</u>	<u>\$16,547,503</u>	<u>\$6,208,948</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$1,242,778	\$18,858	\$1,283	\$4,866,318	\$5,034,670	\$168,352
3,956	128,241	0	600,686	621,400	20,714
1,246,734	147,099	1,283	5,467,004	5,656,070	189,066
291,202	82,729	1,586	3,346,103	3,550,772	204,669
0	0	0	68,947	74,220	5,273
0	356	746	61,409	93,800	32,391
710	1,250	2,293	479,089	532,710	53,621
36,394	505,741	41,430	1,526,050	1,556,528	30,478
710	0	252	80,563	82,940	2,377
37,814	507,347	44,721	2,216,058	2,340,198	124,140
65,162	17,653	23,411	750,697	790,100	39,403
2,094,688	784,950	188,410	21,132,756	22,282,057	1,149,301
6,325	0	0	137,147	143,860	6,713
15,183	0	0	19,627	27,951	8,324
5,731	163	0	262,648	283,315	20,667
1,240	0	0	264,882	322,783	57,901
28,479	163	0	684,304	777,909	93,605
0	0	17,451	17,451	85,961	68,510
0	0	341	341	500	159
0	0	1,007,318	1,007,318	1,007,320	2
0	0	84,028	84,028	84,029	1
0	0	1,091,346	1,091,346	1,091,349	3
<u>\$3,038,588</u>	<u>\$1,172,624</u>	<u>\$2,067,342</u>	<u>\$54,301,890</u>	<u>\$56,118,787</u>	<u>\$1,816,897</u>

## MONROE PUBLIC SCHOOLS

*Schedule of the School District's Proportionate Share of the Net Pension Liability  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)*

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	<u>2014</u>
A. School District's proportion of net pension liability (%)	0.30629%
B. School District's proportion proportionate share of net pension liability	\$67,464,298
C. School District's covered-employee payroll	\$26,042,324
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	38.60%
E. Plan fiduciary net position as a percentage of total pension liability	66.20%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

**MONROE PUBLIC SCHOOLS**

*Schedule of the School District's Contributions  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)*

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	<u>2015</u>
A. Statutorily required contributions	<u>\$8,645,323</u>
B. Contributions in relation to statutorily required contributions*	<u>\$8,645,323</u>
C. Contribution deficiency (excess)	<u>\$0</u>
D. School District's covered-employee payroll	\$24,816,475
E. Contributions as a percentage of covered-employee payroll	34.84%

\*Contribution in relation to statutorily required contributions are the contributions a school district actually made to MPSERS, which may differ from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

## OTHER SUPPLEMENTAL INFORMATION



**MONROE PUBLIC SCHOOLS**

*Sinking Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Property taxes	\$1,727,310	\$1,688,810	\$1,707,010	\$18,200
Interest income	5,650	4,550	4,928	378
Insurance proceeds	0	128,700	128,723	23
Total Revenues	1,732,960	1,822,060	1,840,661	18,601
<b>Expenditures</b>				
Purchased services:				
Other services	250,500	221,000	179,324	41,676
Capital outlay:				
Building improvements	2,050,000	2,900,000	2,339,275	560,725
Other Expenses:				
Fees	800	900	845	55
Total Expenditures	2,301,300	3,121,900	2,519,444	602,456
<b>Net Change in Fund Balance</b>	(568,340)	(1,299,840)	(678,783)	621,057
Fund Balance - Beginning of year	2,809,387	3,221,127	3,221,127	0
Fund Balance - End of year	\$2,241,047	\$1,921,287	\$2,542,344	\$621,057

**MONROE PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2015*

	Special Revenue Fund	Capital Projects Fund	
	Food Service	Building and Site Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Local sources	\$797,244	\$9	\$797,253
State sources	101,288	0	101,288
Federal sources	1,846,752	0	1,846,752
Total Revenues	2,745,284	9	2,745,293
<b>Expenditures</b>			
Food service	2,836,217	0	2,836,217
Total Expenditures	2,836,217	0	2,836,217
Excess (Deficiency) of Revenues Over Expenditures	(90,933)	9	(90,924)
<b>Other Financing Sources (Uses)</b>			
Operating transfers out	(30,000)	0	(30,000)
Total Other Financing Sources (Uses)	(30,000)	0	(30,000)
<b>Net Change in Fund Balances</b>	(120,933)	9	(120,924)
Fund Balances - Beginning of year	1,059,469	4,901	1,064,370
Fund Balances - End of year	\$938,536	\$4,910	\$943,446

**MONROE PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2015*

	Special Revenue Fund	Capital Projects Fund	
	Food Service	Building and Site	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$1,011,100	\$4,910	\$1,016,010
Accounts receivable	10,677	0	10,677
Due from other governmental units	63,473	0	63,473
<b>Total Assets</b>	<b>\$1,085,250</b>	<b>\$4,910</b>	<b>\$1,090,160</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$129,030	\$0	\$129,030
Salaries payable	835	0	835
Due to other governmental units	649	0	649
Other liabilities	78	0	78
Unearned revenue	16,122	0	16,122
<b>Total Liabilities</b>	<b>146,714</b>	<b>0</b>	<b>146,714</b>
<b>Fund Balances</b>			
Restricted for:			
Food service	938,536	0	938,536
Assigned to:			
Capital projects	0	4,910	4,910
<b>Total Fund Balances</b>	<b>938,536</b>	<b>4,910</b>	<b>943,446</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,085,250</b>	<b>\$4,910</b>	<b>\$1,090,160</b>

**MONROE PUBLIC SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Food sales	\$729,300	\$788,000	\$788,791	\$791
Interest income	850	1,000	1,187	187
Other	6,200	7,100	7,266	166
Total Local Sources	736,350	796,100	797,244	1,144
State Sources:				
Restricted grants	85,890	101,630	101,288	(342)
Federal Sources:				
Restricted grants	1,656,500	1,706,300	1,709,096	2,796
Commodities	170,000	165,000	137,656	(27,344)
Total Federal Sources	1,826,500	1,871,300	1,846,752	(24,548)
Total Revenues	2,648,740	2,769,030	2,745,284	(23,746)
<b>Expenditures</b>				
Food Service:				
Salaries	131,800	139,500	135,670	3,830
Employee benefits	49,545	58,980	56,546	2,434
Purchased services	1,205,500	1,285,000	1,222,987	62,013
Supplies and materials	1,212,000	1,325,500	1,228,166	97,334
Capital outlay	45,000	210,000	181,157	28,843
Other	10,250	12,400	11,691	709
Total Expenditures	2,654,095	3,031,380	2,836,217	195,163
Excess (Deficiency) of Revenue Over Expenditures	(5,355)	(262,350)	(90,933)	171,417
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	0	(30,000)	(30,000)	0
<b>Net Change in Fund Balance</b>	(5,355)	(292,350)	(120,933)	171,417
Fund Balance - Beginning of year	898,767	1,059,469	1,059,469	0
Fund Balance - End of year	\$893,412	\$767,119	\$938,536	\$171,417

**MONROE PUBLIC SCHOOLS**

*Building and Site Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Interest income	\$10	\$10	\$9	(\$1)
<b>Expenditures</b>	0	0	0	0
<b>Net Change in Fund Balance</b>	10	10	9	(1)
Fund Balance - Beginning of year	4,892	4,901	4,901	0
Fund Balance - End of year	<u>\$4,902</u>	<u>\$4,911</u>	<u>\$4,910</u>	<u>(\$1)</u>

## NONEXPENDABLE PRIVATE-PURPOSE TRUST FUNDS

Alida K. Knapp Trust Fund - Established for the purpose of loaning income from investments to worthy students of Monroe County, who because of limited means could not continue their education in public high schools or accredited Michigan public colleges. There is a nonexpendable endowment of \$10,000.

Manning Sill Fund - Established October 16, 1922, for the purpose of disbursing the income from investments for the relief of the sick, poor and needy children and their families of Monroe, Michigan. There is a nonexpendable endowment of \$4,540.

Christiancy Fund - Established February 18, 1926, for the purpose of disbursing the income from investments to students of Monroe Public Schools who compete in writing essays on the Constitution of the United States, loyalty to its institutions, etc. There is a nonexpendable endowment of \$1,000.

Monroe Public Schools Scholarship Fund - Established November 30, 1982, to account for contributions received for the purpose of awarding scholarships for post-high school education.

June R. Heck Scholarship Fund - Established September 18, 1984, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$50,000.

Rye Scholarship Fund - Established in May of 1990, for the purpose of providing scholarships for higher education.

Milligan Scholarship Fund - Established in May of 1990, for the purpose of providing scholarships for higher education.

Wertenberger Scholarship Fund - Established in June of 1991, for the purpose of providing scholarships for higher education.

Child Wellness Bank - Established April 14, 1992, for the purpose of disbursing the income from investments to provide medical care, treatment, diagnosis or equipment for the children of Monroe Public Schools, whose families are unable to provide needed medical attention. There is a nonexpendable endowment of \$7,477.

Knabusch Scholarship Fund - Established December, 1995, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$64,476.

Kutsche Scholarship Fund - Established December, 1995, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$20,000.

Scholarship Endowment - Established December 17, 1999, for the purpose of providing scholarships for higher education.

Robert Worden Scholarship - Established August 31, 2001, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$35,219.

Kosa Scholarship Endowment Fund – Established September 1, 2006, for the purpose of providing scholarships for higher education.

## EXPENDABLE PRIVATE-PURPOSE TRUST FUNDS

Valor Fund - Established July 18, 1975, for the purpose of rewarding any student or staff member demonstrating valor while in the jurisdiction of the School District.

Lincoln Scholarship Fund - Established April 11, 1991.

Epps Scholarship Fund - Established for the purpose of providing scholarships for higher education.

Donald Packer Memorial Scholarship Fund - Established in memory of Donald Packer for the purpose of providing scholarships for higher education based on merit.

Lake Erie Environmental Outreach Program (LEEOP) - Established in memory of Charles Knabusch for the purpose of funding a moving science laboratory program.

John M. McIntyre Tennis Scholarship - Established January 17, 2000, for the purpose of providing scholarships for higher education.

Jonathan B. Loop Memorial Scholarship Fund - Established September 25, 2003, for the purpose of providing scholarships for higher education.

Waterloo Scholarship Fund – Established March 7, 2013, for the purpose of providing scholarships for higher education.

**MONROE PUBLIC SCHOOLS**

*Private-Purpose Trust Funds  
Combining Balance Sheet  
June 30, 2015*

	Alida K. Knapp	Manning Sill	Christiancy	Monroe Public Schools Scholarship	June R. Heck Scholarship	Rye Scholarship	Milligan Scholarship	Wertenberger Scholarship	Child Wellness	Knabusch Scholarship	Kutsche Scholarship
<b>ASSETS</b>											
Cash	\$89,101	\$11,601	\$661	\$0	\$53,811	\$0	\$0	\$0	\$13,287	\$62,524	\$20,501
Receivables:											
Loans	780	0	0	0	0	0	0	0	0	0	0
Total Assets	<u>\$89,881</u>	<u>\$11,601</u>	<u>\$661</u>	<u>\$0</u>	<u>\$53,811</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,287</u>	<u>\$62,524</u>	<u>\$20,501</u>
<b>Liabilities and Net Position</b>											
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$154	\$0	\$0
<b>NET POSITION</b>											
Reserved for loans receivable	780	0	0	0	0	0	0	0	0	0	0
Reserved for endowments	10,000	4,540	1,000	0	50,000	0	0	0	7,477	64,476	20,000
Unreserved	79,101	7,061	(339)	0	3,811	0	0	0	5,656	(1,952)	501
Total Net Position	<u>89,881</u>	<u>11,601</u>	<u>661</u>	<u>0</u>	<u>53,811</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,133</u>	<u>62,524</u>	<u>20,501</u>
Total Liabilities and Net Position	<u>\$89,881</u>	<u>\$11,601</u>	<u>\$661</u>	<u>\$0</u>	<u>\$53,811</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,287</u>	<u>\$62,524</u>	<u>\$20,501</u>



Scholarship Endowment	Robert Worden Scholarship	Kosa Scholarship	Valor	Lincoln Scholarship	Epps Scholarship	Donald Packer Memorial Scholarship	LEEOP	John M. McIntyre Tennis Scholarship	Jonathan B. Loop Memorial Scholarship	Waterloo Scholarship	Totals
\$0	\$35,991	\$0	\$1,074	\$8,672	\$101	\$1,000	\$130,568	\$0	\$7,213	\$974	\$437,079
0	0	0	0	0	0	0	0	0	0	0	780
<u>\$0</u>	<u>\$35,991</u>	<u>\$0</u>	<u>\$1,074</u>	<u>\$8,672</u>	<u>\$101</u>	<u>\$1,000</u>	<u>\$130,568</u>	<u>\$0</u>	<u>\$7,213</u>	<u>\$974</u>	<u>\$437,859</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$154
0	0	0	0	0	0	0	0	0	0	0	780
0	35,219	0	0	0	0	0	0	0	0	0	192,712
0	772	0	1,074	8,672	101	1,000	130,568	0	7,213	974	244,213
0	35,991	0	1,074	8,672	101	1,000	130,568	0	7,213	974	437,705
<u>\$0</u>	<u>\$35,991</u>	<u>\$0</u>	<u>\$1,074</u>	<u>\$8,672</u>	<u>\$101</u>	<u>\$1,000</u>	<u>\$130,568</u>	<u>\$0</u>	<u>\$7,213</u>	<u>\$974</u>	<u>\$437,859</u>

**MONROE PUBLIC SCHOOLS**

*Nonexpendable Private-Purpose Trust Funds  
Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Year Ended June 30, 2015*

	<u>Alida K. Knapp</u>	<u>Manning Sill</u>	<u>Christiancy</u>	<u>Monroe Public Schools Scholarship</u>	<u>June R. Heck Scholarship</u>	<u>Rye Scholarship</u>
<b>Revenues</b>						
Local Sources:						
Private donations	\$0	\$0	\$0	\$434	\$0	\$0
Interest income	<u>105</u>	<u>14</u>	<u>1</u>	<u>813</u>	<u>64</u>	<u>127</u>
Total Revenues	105	14	1	1,247	64	127
<b>Expenditures</b>						
Scholarships/other	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,754</u>	<u>600</u>	<u>7,065</u>
Excess (Deficiency) of						
Revenues over Expenditures	105	14	1	(44,507)	(536)	(6,938)
Net Position - Beginning of year	<u>89,776</u>	<u>11,587</u>	<u>660</u>	<u>44,507</u>	<u>54,347</u>	<u>6,938</u>
Net Position - End of year	<u><u>\$89,881</u></u>	<u><u>\$11,601</u></u>	<u><u>\$661</u></u>	<u><u>\$0</u></u>	<u><u>\$53,811</u></u>	<u><u>\$0</u></u>

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<u>Milligan Scholarship</u>	<u>Wertemberger Scholarship</u>	<u>Child Wellness</u>	<u>Knabusch Scholarship</u>	<u>Kutsche Scholarship</u>	<u>Scholarship Endowment</u>	<u>Robert Worden Scholarship</u>	<u>Kosa Scholarship</u>	<u>Totals</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$525	\$0	\$959
230	234	17	78	24	39	42	10	1,798
230	234	17	78	24	39	567	10	2,757
12,843	13,068	1,119	4,000	0	2,186	500	2,438	89,573
(12,613)	(12,834)	(1,102)	(3,922)	24	(2,147)	67	(2,428)	(86,816)
12,613	12,834	14,235	66,446	20,477	2,147	35,924	2,428	374,919
<u>\$0</u>	<u>\$0</u>	<u>\$13,133</u>	<u>\$62,524</u>	<u>\$20,501</u>	<u>\$0</u>	<u>\$35,991</u>	<u>\$0</u>	<u>\$288,103</u>

**MONROE PUBLIC SCHOOLS**

*Expendable Private-Purpose Trust Funds  
Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Year Ended June 30, 2015*

	<u>Valor</u>	<u>Lincoln Scholarship</u>	<u>Epps Scholarship</u>	<u>Donald Packer Memorial Scholarship</u>
<b>Revenues</b>				
Local sources:				
Private donations	\$0	\$0	\$0	\$1,000
Interest income	<u>1</u>	<u>10</u>	<u>0</u>	<u>0</u>
Total Revenues	1	10	0	1,000
<b>Expenditures</b>				
Scholarships/other	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues over Expenditures	1	10	0	0
Net Position - Beginning of year	<u>1,073</u>	<u>8,662</u>	<u>101</u>	<u>1,000</u>
Net Position - End of year	<u><u>\$1,074</u></u>	<u><u>\$8,672</u></u>	<u><u>\$101</u></u>	<u><u>\$1,000</u></u>

<u>LEEOP</u>	<u>John M. McIntyre Tennis Scholarship</u>	<u>Jonathan B. Loop Memorial Scholarship</u>	<u>Waterloo Scholarship</u>	<u>Totals</u>
\$22,210	\$0	\$1,000	\$0	\$24,210
134	166	9	2	322
<u>22,344</u>	<u>166</u>	<u>1,009</u>	<u>2</u>	<u>24,532</u>
0	9,241	1,000	500	11,741
<u>0</u>	<u>9,241</u>	<u>1,000</u>	<u>500</u>	<u>11,741</u>
22,344	(9,075)	9	(498)	12,791
<u>108,224</u>	<u>9,075</u>	<u>7,204</u>	<u>1,472</u>	<u>136,811</u>
<u>\$130,568</u>	<u>\$0</u>	<u>\$7,213</u>	<u>\$974</u>	<u>\$149,602</u>

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund*  
*Statement of Changes in Assets and Liabilities*  
*June 30, 2015*

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	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Assets</b>				
Cash	<u>\$303,038</u>	<u>\$670,517</u>	<u>\$645,612</u>	<u>\$327,943</u>
<b>Liabilities</b>				
Due to student groups	<u>\$303,038</u>	<u>\$670,517</u>	<u>\$645,612</u>	<u>\$327,943</u>

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From) Student Groups June 30, 2014	Receipts	Disbursements	Due to (From) Student Groups June 30, 2015
Monroe High School:				
Schultz Memorial	\$79	\$0	\$0	\$79
M.A.R.C.	11,725	9,436	16,656	4,505
Football Coaches	9,283	17,460	21,464	5,279
Sticker Money	7,758	4,193	9,516	2,435
Monroe High Trap Club	426	1,939	2,267	98
Highlighter	14,189	9,825	20,260	3,754
Instrumental Music	6,162	2,969	3,370	5,761
Choir	40	1,168	0	1,208
BPA	280	169	448	1
Student Council	22,693	29,387	39,322	12,758
Close-Up	379	0	0	379
Lotus Leaf	56	28	46	38
FUEL	57	0	0	57
National Honor Society	51	2,131	2,126	56
Orchestra	178	714	612	280
MOCI Club	1,289	22,856	22,093	2,052
Auto	400	600	800	200
DECA	1,616	4,515	3,100	3,031
FIZIX	2	0	2	0
Drama Club	6,128	5,639	6,185	5,582
"S" Club	1,134	2,154	2,610	678
Misc. Income	9,761	1,226	127	10,860
Advanced Placement	6,946	10,531	9,305	8,172
Main Office	2,487	6,138	8,216	409
Library	91	613	624	80
Tests	246	1,250	1,024	472
Sunshine Fund	110	565	670	5
CLD	675	373	477	571
Cash for Check	0	13,356	13,206	150
Cash Advance	0	4,500	4,500	0
Locks	(1)	1	0	0
Sales Tax	235	324	304	255
MHS Renaissance	4,004	125	964	3,165
Testing Out	190	90	10	270
National Tech Honor Society	3,981	0	91	3,890
Phys ED	43	0	0	43
Green Club	152	0	0	152
Pep Club	1,259	220	192	1,287
Monroe Trojan Robotics	3,447	13,762	14,698	2,511
HOSA	2,115	2,721	3,596	1,240
Athletic Department	2,509	15,066	12,830	4,745
Music Department	389	1,051	854	586

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From) Student Groups June 30, 2014	Receipts	Disbursements	Due to (From) Student Groups June 30, 2015
Monroe High School (Continued):				
Seam Rippers	\$661	\$0	\$233	\$428
Special Projects	9,597	10,462	15,402	4,657
Gay Straight Alliance	718	0	0	718
Art Club	3,049	351	764	2,636
Home Builders Association	2,540	0	974	1,566
Hope's Closet	315	0	0	315
International Cultures	1,204	0	672	532
Calculus	321	33	0	354
Young Democrats	1,011	0	0	1,011
Trojan Tidings	83	0	0	83
Trojan Den	89	1,375	1,056	408
MHS Interact	827	190	100	917
2004 Reunion	6,871	34	3,124	3,781
2005 Reunion	1,681	0	300	1,381
2006 Reunion	8,341	0	0	8,341
Class of 2008	7,607	0	0	7,607
Class of 2009	666	0	0	666
MHS Hockey	1,125	51,000	44,213	7,912
MHS Baseball	57	7,158	2,957	4,258
MHS Boys Basketball	97	268	175	190
MHS Golf	553	860	978	435
MHS Boys Swimming	779	0	175	604
MHS Boys Track	993	7,965	5,628	3,330
MHS Cheerleading	359	15,012	14,916	455
MHS Cross Country	1,205	4,012	2,841	2,376
MHS Competitive Cheer	3,221	27,786	27,428	3,579
MHS Girls Basketball	918	17,743	15,842	2,819
MHS Girls Golf	794	285	309	770
MHS Girls Swimming	2,361	1,442	2,640	1,163
MHS Girls Track	(43)	43	0	0
MHS Softball	4,058	2,260	2,043	4,275
MHS Bowling	96	1,303	575	824
MHS Tennis	391	864	904	351
MHS Volleyball	6,609	9,394	6,076	9,927
Equestrian	0	525	525	0
MHS Soccer	3,300	2524	2,749	3,075
Class of 2010	560	0	0	560
Class of 2011	2,021	0	0	2,021
Class of 2012	2,598	0	0	2,598
Class of 2013	3,731	0	0	3,731
2014 Reunion	2,383	0	2,383	0
Class of 2015	3,493	35,189	38,524	158
Class of 2016	1,365	9,934	4,637	6,662



**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From) Student Groups June 30, 2014	Receipts	Disbursements	Due to (From) Student Groups June 30, 2015
<b>Monroe High School (Concluded):</b>				
Class of 2017	\$0	\$934	\$362	\$572
Class of 2018	0	1,450	362	1,088
Ultimate Frisbee Club	95	0	0	95
Ignition	201	430	630	1
Monroe High Unify	393	0	0	393
Guitar Club	72	0	0	72
English Lit AP Class	0	230	230	0
Health Science Pathway	0	750	0	750
P2P	0	911	65	846
Welding	0	114	0	114
Trojan Tool	0	29	0	29
Harvest Party	0	31,740	18,183	13,557
	<u>211,930</u>	<u>431,695</u>	<u>441,540</u>	<u>202,085</u>
<b>Monroe Middle School:</b>				
Book Fines	2,119	0	1,800	319
Lock Fund	150	0	14	136
Special Projects	(4,495)	44,462	39,074	893
Staff Flower Fund	133	169	405	(103)
Lounge Pop Fund	3,922	1,892	4,382	1,432
Choir	1,982	19,087	17,954	3,115
Girls Basketball	573	584	1,005	152
Golf	4	0	0	4
Orchestra	1,836	6,537	6,523	1,850
Yearbook	3,902	3,889	4,573	3,218
Band	1,416	13,065	11,607	2,874
Needy Student	801	4,645	3,774	1,672
Media Center	1,282	5,510	6,009	783
Theatre	1,500	0	1,250	250
Postage	183	50	50	183
Class Trip - 8th Grade	3,832	21,396	17,054	8,174
NJHS	1,243	2,082	2,684	641
LEGO	2,045	555	376	2,224
Cheerleading	930	4,528	5,137	321
Competitive Cheerleading	1,186	0	0	1,186
MMS Swimming	820	920	686	1,054
MMS Volleyball	198	0	0	198
Track	1,741	368	352	1,757
Parent RR	2,605	0	2,000	605
Citizens Science	20	0	0	20
Project Unify	926	1,204	2,096	34

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From) Student Groups June 30, 2014	Receipts	Disbursements	Due to (From) Student Groups June 30, 2015
<b>Monroe Middle School (Concluded):</b>				
Team 7A	\$1,198	\$3	\$25	\$1,176
Team 7B	1,259	1,930	1,213	1,976
Team 7C	146	1,820	0	1,966
Team 7D/8D	760	0	785	(25)
Team 8A	19	5,688	4,901	806
Team 8B	5,407	100	3,507	2,000
Team 8C	(365)	923	1,538	(980)
PBIS	0	1,932	1,411	521
	<u>39,278</u>	<u>143,339</u>	<u>142,185</u>	<u>40,432</u>
<b>Main Office:</b>				
Elementary Student Councils	1,780	0	0	1,780
Waterloo Special Account	(7,048)	0	0	(7,048)
Beverage Consortium	37,026	23,113	35,687	24,452
Positive Action	2,442	1,977	1,415	3,004
AIM - Allies in Monroe	2,000	60,054	22,000	40,054
Sunshine Fund	399	0	0	399
Rainbow Fundraising	1,122	0	0	1,122
Nevaeh Memorial	90	0	0	90
Promise Project	275	969	516	728
Waterloo Recycling	528	0	149	379
Building The Best - MPS	1,124	0	0	1,124
Arborwood Office	998	0	0	998
Auction	10,671	0	0	10,671
Waterloo Gardens	423	0	0	423
OCHS Student Activities	0	2,454	1,446	1,008
OCHS Character Education	0	523	166	357
OCHS Athletics	0	136	0	136
OCHS Renaissance	0	1,959	194	1,765
OCHS Student Council	0	1,210	150	1,060
OCHS Yearbook	0	27	0	27
OCHS Art Club	0	930	0	930
Learning Bank	0	212	0	212
Manor - Student Lighthouse	0	328	164	164
Manor - Parent Lighthouse	0	238	0	238
Manor Service Projects	0	328	0	328
Mini Library Project	0	1,025	0	1,025
	<u>51,830</u>	<u>95,483</u>	<u>61,887</u>	<u>85,426</u>
	<u>\$303,038</u>	<u>\$670,517</u>	<u>\$645,612</u>	<u>\$327,943</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Technology Enhancement Millage  
Budget and Actual  
Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Technology enhancement millage	\$1,500,290	\$1,523,300	\$1,523,369	\$69
Total Revenues	1,500,290	1,523,300	1,523,369	69
<b>Expenditures</b>				
Salaries	337,255	305,610	312,709	(7,099)
Fringe benefits	183,800	162,680	162,263	417
Purchased services	238,000	300,385	296,585	3,800
Supplies	45,000	33,200	36,395	(3,195)
Capital outlay	72,000	257,000	231,220	25,780
Other	500	500	41	459
	876,555	1,059,375	1,039,213	20,162
Debt service	638,626	638,598	638,596	2
Total Expenditures	1,515,181	1,697,973	1,677,809	20,164
<b>Net Change in Fund Balance</b>	(14,891)	(174,673)	(154,440)	20,233
Fund Balance - Beginning of year	196,178	196,178	196,178	0
Fund Balance - End of year	\$181,287	\$21,505	\$41,738	\$20,233

**MONROE PUBLIC SCHOOLS**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Admissions	\$47,000	\$55,710	\$55,713	\$3
Participation fees	134,400	124,970	125,295	325
Donations	6,800	300	300	0
Miscellaneous	10,000	3,750	7,500	3,750
MPERS UAAL	0	0	25,487	25,487
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>\$198,200</u>	<u>\$184,730</u>	<u>\$214,295</u>	<u>\$29,565</u>
<b>Expenditures</b>				
Salaries	\$262,700	\$267,800	\$266,341	\$1,459
Employee benefits	134,335	147,850	147,356	494
Purchased services	330,600	348,550	328,969	19,581
Supplies and materials	95,050	90,550	71,652	18,898
Capital outlay	19,900	19,900	17,653	2,247
Other	23,500	24,300	23,411	889
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>\$866,085</u>	<u>\$898,950</u>	<u>\$855,382</u>	<u>\$43,568</u>

## FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**MONROE PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Passed Through State Dept. of Education:		
Title I, Part A - Improving Basic Programs	141520-1314	\$1,843,827
Title I, Part A - Improving Basic Programs	151520-1415	1,718,237
		<u>3,562,064</u>
Title II, Part A - Teacher and Principal Training	140520-1314	464,516
Title II, Part A - Teacher and Principal Training	150520-1415	508,516
		<u>973,032</u>
Title III - Limited English	140580-1314	127,141
Title III - Limited English	150580-1415	113,606
		<u>240,747</u>
Total Passed Through State Dept. of Education		4,775,843
Passed Through Intermediate School Districts:		
Perkins Vocational Education	143520-141225	69,329
Perkins Vocational Education	153520-151225	71,326
		<u>140,655</u>
Total Passed Through Intermediate School Districts		<u>140,655</u>
Total U.S. Department of Education		4,916,498

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2014	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2015
\$202,420	\$1,311,587	\$189,637	\$392,057	\$0
<u>0</u>	<u>0</u>	<u>1,234,946</u>	<u>879,303</u>	<u>355,643</u>
202,420	1,311,587	1,424,583	1,271,360	355,643
70,724	325,850	37,076	107,800	0
<u>0</u>	<u>0</u>	<u>386,501</u>	<u>262,074</u>	<u>124,427</u>
70,724	325,850	423,577	369,874	124,427
28,676	34,895	8,684	37,360	0
<u>0</u>	<u>0</u>	<u>23,619</u>	<u>5,493</u>	<u>18,126</u>
28,676	34,895	32,303	42,853	18,126
301,820	1,672,332	1,880,463	1,684,087	498,196
22,839	69,329	0	22,839	0
<u>0</u>	<u>0</u>	<u>71,326</u>	<u>46,278</u>	<u>25,048</u>
22,839	69,329	71,326	69,117	25,048
22,839	69,329	71,326	69,117	25,048
<u>\$324,659</u>	<u>\$1,741,661</u>	1,951,789	<u>\$1,753,204</u>	<u>\$523,244</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District Medicaid Outreach	93.778	\$17,253
Passed Through Southeast Michigan Community Alliance:		
Substance Abuse and Mental Health Services		
Block Grant - 13/14	93.959	83,380
Block Grant - 14/15	93.959	83,380
		<u>166,760</u>
Total U.S. Dept. of Health and Human Services		184,013
<u>U.S. Department of Agriculture</u>		
Passed Through State Dept. of Education:		
National School Lunch Program		
141960 All Lunches	10.555	1,313,048
151960 All Lunches	10.555	1,166,610
141980 Snack	10.555	6,230
151980 Snack	10.555	10,916
		<u>2,496,804</u>
141970 Breakfast	10.553	374,770
151970 Breakfast	10.553	332,080
		<u>706,850</u>
		3,203,654
U.S.D.A. Donated Commodities		
Entitlements	10.555	<u>137,656</u>
Total Passed Through State Dept. of Agriculture		<u>3,341,310</u>
Total Federal Financial Assistance		<u><u>\$8,441,821</u></u>

See accompanying notes to this schedule.



Accrued (Deferred) Revenue July 1, 2014	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2015
\$0	\$4,906	\$17,253	\$17,253	\$0
14,359	48,955	34,290	48,649	0
0	0	53,009	46,252	6,757
<u>14,359</u>	<u>48,955</u>	<u>87,299</u>	<u>94,901</u>	<u>6,757</u>
<u>\$14,359</u>	<u>\$53,861</u>	104,552	<u>\$112,154</u>	<u>\$6,757</u>
\$81,504	\$1,160,206	152,842	\$234,346	\$0
0	0	1,166,610	1,131,647	34,963
377	5,199	1,031	1,408	0
0	0	10,916	10,655	261
<u>81,881</u>	<u>1,165,405</u>	<u>1,331,399</u>	<u>1,378,056</u>	<u>35,224</u>
26,129	329,154	45,616	71,745	0
0	0	332,081	320,178	11,903
<u>26,129</u>	<u>329,154</u>	<u>377,697</u>	<u>391,923</u>	<u>11,903</u>
108,010	1,494,559	1,709,096	1,769,979	47,127
0	0	137,656	137,656	0
<u>\$108,010</u>	<u>\$1,494,559</u>	<u>1,846,752</u>	<u>\$1,907,635</u>	<u>\$47,127</u>
		<u>\$3,903,093</u>		

**MONROE PUBLIC SCHOOLS**

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015*

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1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Monroe Public Schools and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. The amounts reported on the Grant Section Auditors Report reconcile with this schedule.
3. Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

4. **SUBRECIPIENTS**

The School District administers certain federal awards programs through subrecipients. Those subrecipients are not considered part of the School District’s reporting entity. Of the federal expenditures presented in the schedule, the School District provided federal awards to subrecipients as follows:

<u>Program Title/Project Number Subrecipient Name</u>	<u>CFDA Number</u>	<u>Current Year Cash Transferred to Subrecipients</u>
<b>Title III Limited English</b>	<b>84.365A</b>	
Airport Community Schools		\$146
Bedford Public Schools		4,102
Chelsea Schools		568
Fowlerville Community Schools		1,258
Howell Schools		3,161
Ida Public Schools		214
Milan Schools		2,003
Saline Area Schools		5,999
		<u>\$17,451</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015*

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**SUMMARY OF AUDIT RESULTS:**

1. The auditor's report expresses an unmodified opinion on the financial statements of Monroe Public Schools.
2. No significant deficiencies considered to be material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Monroe Public Schools which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies considered to be material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for Title I expresses an unmodified opinion on the major federal program.
6. There were no audit findings relative to the major federal award program for Monroe Public Schools.
7. The program tested as a major program is Title I (CFDA #84.010).
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures between \$100,000 and \$300,000.
9. Monroe Public Schools was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT:**

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:**

None



**COOLEY HEHL  
WOHLGAMUTH & CARLTON**  
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA  
David K. Hehl, CPA  
Peter H. Carlton, CPA  
Matthew D. Hehl, CPA  
Deborah A. Sabo, CPA  
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230  
Telephone: (734) 241-7200 • Fax: (734) 241-2637  
[www.chwccpa.com](http://www.chwccpa.com)

Members:  
American Institute of Certified Public Accountants  
Michigan Association of Certified Public Accountants  
Division for CPA Firms American Institute of  
Certified Public Accountants

Board of Education  
Monroe Public Schools  
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Education, management, others within the School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Cooley Hehl Wohlgamuth &amp; Carlton".

September 21, 2015



**COOLEY HEHL  
WOHLGAMUTH & CARLTON**  
P. L. L. C. Certified Public Accountants

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September 21, 2015

To the Board of Directors  
Monroe Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools for the year ended June 30, 2015, and have issued our report thereon dated September 21, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Monroe Public Schools are described in Note 2 to the financial statements. During 2015, Monroe Public Schools implemented Governmental Accounting Standard Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance of doubtful accounts is based on confirmation of the state aid status report. We evaluated the key factors and assumptions used to develop the estimate of a zero percent for the allowance of doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives of depreciable capital assets is based on the length of time those assets will provide economic benefit in the future.

Management's estimate of the accrued compensated absences is based on formulas and conditions specified in various contracts regarding vacation and sick leave benefits.

The financial statement disclosures are neutral, consistent, and clear.

To the Board of Directors  
Monroe Public Schools

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#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 21, 2015.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### *Other Matters*

We applied certain limited procedures to the major fund budget and actual statement and pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

To the Board of Directors  
Monroe Public Schools

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*Other Matters (continued)*

We were engaged to report on the nonmajor fund budget and actual statements, the agency changes in assets and liabilities, and the federal financial assistance program schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Restriction of Use*

This information is intended solely for the Board of Directors and management of Monroe Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Cooley Hehl Wollgamuth & Carlton*