

**MONROE PUBLIC SCHOOLS**  
Monroe, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2013

MONROE PUBLIC SCHOOLS

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June 30, 2013

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## 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, 2013, 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, 2013, 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 and budgetary comparison information on pages 7 through 14 and 37 through 42 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 23, 2013, 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 17, 2013



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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, 2013, 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 17, 2013.

**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 17, 2013



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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, 2013. 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, 2013.



### **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 17, 2013

# MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2013*

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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, 2013. 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  
(Required Supplemental Information)*

*Other Supplemental Information*

# MONROE PUBLIC SCHOOLS

## *Management's Discussion and Analysis* *Year Ended June 30, 2013*

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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, 2013*

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**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, 2013 and 2012:

**Table 1**

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

	Governmental Activities	
	2013	2012
Current and other assets	\$18.0	\$17.9
Capital assets	19.5	19.7
<b>Total Assets</b>	<b>37.5</b>	<b>37.6</b>
Current and other liabilities	10.3	10.2
Long-term liabilities	4.0	4.8
<b>Total Liabilities</b>	<b>14.3</b>	<b>15.0</b>
Net Position		
Invested in capital assets, net of related debt	18.1	17.6
Restricted for technology enhancement	0.1	0.1
Restricted for capital projects	3.4	3.7
Restricted for food service	1.0	1.0
Unrestricted	0.6	0.2
<b>Total Net Position</b>	<b>\$23.2</b>	<b>\$22.6</b>

As depicted in Table 1, the School District's net position was \$23.2 million at June 30, 2013. Of this amount, \$0.6 million was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net position balance is used for working capital and cash flow needs as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

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, 2013.

**MONROE PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2013*

**District-Wide Financial Analysis - Concluded**

**Table 2**

**Changes in Net Position  
(in millions)**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$1.6	\$1.7
Federal grants	4.2	4.3
State and local revenue	<u>7.8</u>	<u>6.3</u>
	13.6	12.3
General revenues:		
Property taxes	18.4	19.1
State foundation allowance	26.9	26.4
Other general revenues	<u>0.1</u>	<u>0.2</u>
	<u>45.4</u>	<u>45.7</u>
 Total Revenues	 59.0	 58.0
 <b>Functions/Program Expenses</b>		
Instruction	32.1	32.4
Support services	21.4	23.1
Community services	0.6	0.6
Food services	2.7	2.8
Interest on long-term debt	0.1	0.1
Depreciation	<u>1.5</u>	<u>1.5</u>
 Total Expenses	 <u>58.4</u>	 <u>60.5</u>
 <b>Increase (Decrease) in Net Position</b>	 <u><u>\$0.6</u></u>	 <u><u>(\$2.5)</u></u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$58.4 million. Of this amount, \$13.6 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 \$0.6 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, 2013*

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**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 \$8,626,075, which is an increase of \$61,360 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund balances - Beginning of year</b>	\$3,840,471	\$3,762,137	\$962,107	\$8,564,715
Increase (decrease)	<u>391,726</u>	<u>(357,270)</u>	<u>26,904</u>	<u>61,360</u>
<b>Fund balances – End of year</b>	<u><u>\$4,232,197</u></u>	<u><u>\$3,404,867</u></u>	<u><u>\$989,011</u></u>	<u><u>\$8,626,075</u></u>

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.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percent Change</u>
<b>Revenues</b>			
Local sources	\$16,342,665	\$16,969,630	(3.7)%
State sources	32,519,390	30,650,205	6.1%
Federal sources	2,223,569	2,488,057	(10.6)%
Interdistrict and other sources	3,502,098	3,341,340	4.8%
Other financing sources	<u>265,000</u>	<u>1,414,886</u>	(81.3)%
	<u><u>\$54,852,722</u></u>	<u><u>\$54,864,118</u></u>	0.0%

There is a 10.6% decrease in Federal sources from 2012 to 2013. This decrease is attributed to decreases to ARRA funding and the Education jobs funds of approximately \$136,998. There is an 81.3% decrease in other financing sources from 2012 to 2013. This decrease of \$1,149,886 is attributed to reduced technology equipment financing for 2013. On the following page, the table reflects a decrease of 14.6% in interdistrict and other uses which is due to less Title III grant funds being requested by other school districts in 2013. Monroe Public Schools serves as the fiscal agent for this grant. There is also a 3.3% increase in debt from 2012 to 2013 due to an increase in capital lease payments.

**MONROE PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2013*

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**Fund Financial Analysis – Concluded**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percent Change</u>
<b>Expenditures</b>			
Instruction	\$32,155,792	\$32,941,298	(2.4)%
Support services	20,000,045	22,015,401	(9.2)%
Community services	580,108	590,959	(1.8)%
Athletics	707,212	787,949	(10.2)%
Interdistrict and other uses	53,762	62,943	(14.6)%
Debt service	<u>964,077</u>	<u>933,162</u>	3.3 %
	<u>\$54,460,996</u>	<u>\$57,331,712</u>	(5.0)%

**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	\$53,817,880	\$55,518,378	3.2%
Expenditures	\$55,754,991	\$56,668,333	1.6%

Revisions to the General Fund original budget were as follows:

Revenues – The original budget for revenues was \$53.8 million versus the final budget of \$55.5 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 special education funding, proceeds from a capital lease, and MPSERS UAAL funding.

# MONROE PUBLIC SCHOOLS

## *Management's Discussion and Analysis* *Year Ended June 30, 2013*

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### **General Fund Budgetary Highlights - Concluded**

Expenditures – The original budget for expenditures and transfers out was \$55.8 million compared to the final budget of \$56.7 million. This increase is approximately \$0.9 million or 1.6%. There were various reasons for this increase.

- The significant adjustments were a result of MPSERS UAAL payments and health insurance adjustments.

### **General Fund Final Budget versus Actual**

	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget versus Actual Variance</u>
Revenues	\$55,518,378	\$54,852,722	( 1.2)%
Expenditures	\$56,668,333	\$54,460,960	3.9 %

### **Final Budget versus Actual Figures**

- Revenue – The final revenue budget was estimated at \$55.5 million. The General Fund actual revenue as of June 30, 2013, was \$54.9 million. The variance between the final amended budget and actual revenue received was due to unspent grant funds at June 30, 2013. Most of the federal grants have a September 30, 2013 ending date. Therefore, the balance can be spent in the following fiscal year.
- Expenditures – The final budgeted expenditures and operating transfers out were \$56.7 million. The actual expenditures and operating transfers out were \$54.5 million. Expenditure variances were primarily attributed to not fully expending various grant funds. These funds will be carried forward to the 2013-2014 fiscal year. Additional budget balances were due to mid-year cost saving reductions in spending for supplies and utility savings.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

At June 30, 2013, the School District had \$49.1 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 \$0.3 million from last year. This year's additions of \$2.5 million included land improvements, building and building improvements, equipment, and food service equipment. Depreciation for this year totaled \$1,494,467. Detailed information regarding capital assets is included in Note 6 to the Financial Statements.

#### **Debt**

At June 30, 2013, the School District had \$0.6 million in outstanding bonds and 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 \$3.4 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, 2013*

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### **Development of the 2013-2014 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2013-2014 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 2014 fiscal year is 90 percent of the October 2013 and 10 percent of the February 2014 student counts. The 2013-2014 budget was adopted in June 2013. Based on early enrollment data at the start of the 2013-2014 school year, we anticipate that the fall student count will be less than the estimates used in creating the 2013-2014 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, P.O. Box 733, Monroe, MI 48162.

**MONROE PUBLIC SCHOOLS**

*Statement of Net Position*

*June 30, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$10,605,224
Accounts/taxes receivable	52,933
Due from Mason Consolidated School District	145,000
Due from other governmental units	7,057,180
Inventories	20,606
Deposits	73,000
Prepays	42,319
Capital assets less accumulated depreciation	19,547,103
	<hr/>
Total Assets	37,543,365
<b>Liabilities</b>	
Accounts payable	1,505,035
Note payable	1,394,285
Salaries payable	3,425,586
Other liabilities	1,714,476
Accrued interest payable	58,677
Unearned revenue	617,465
Due to other governmental units	568,340
Long-term liabilities:	
Due within one year	945,009
Due in more than one year	4,037,718
	<hr/>
Total Liabilities	14,266,591
<b>Net Position</b>	
Invested in capital assets, net of related debt	18,086,311
Restricted for technology enhancement	122,883
Restricted for capital projects	3,409,756
Restricted for food service	984,122
Unrestricted	673,702
	<hr/>
Total Net Position	\$23,276,774

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Statement of Activities  
Year Ended June 30, 2013*

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental Activities:</b>				
Instruction and instructional support	\$32,101,438	\$10,905	\$4,602,267	(\$27,488,266)
Support services	21,449,967	224,590	5,329,426	(15,895,951)
Community services	580,108	576,143	65,019	61,054
Food services	2,725,470	826,972	2,034,627	136,129
Interdistrict and other	53,762	0	0	(53,762)
Interest on long-term debt	113,307	0	10,310	(102,997)
Depreciation (unallocated)	1,494,467	0	0	(1,494,467)
<b>Total Governmental Activities</b>	<b>\$58,518,519</b>	<b>\$1,638,610</b>	<b>\$12,041,649</b>	<b>(44,838,260)</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Property taxes, levied for general operations				15,270,897
Property taxes, levied for technology				1,477,409
Property taxes, levied for sinking fund				1,678,067
State of Michigan aid, unrestricted				26,914,937
Interest income				21,903
Other				108,374
			<b>Total General Revenues</b>	<b>45,471,587</b>
<b>Change in Net Position</b>				<b>633,327</b>
Net Position - Beginning of year, restated				22,643,447
Net Position - End of year				<b>\$23,276,774</b>

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2013*

	General	Sinking Fund	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$5,956,298	\$3,831,444	\$817,482	\$10,605,224
Receivables:				
Accounts	46,273	0	6,660	52,933
Due from other governmental units	6,785,049	0	272,131	7,057,180
Inventory	20,606	0	0	20,606
Deposits	73,000	0	0	73,000
Prepaid expenditures	42,319	0	0	42,319
<b>Total Assets</b>	<b>\$12,923,545</b>	<b>\$3,831,444</b>	<b>\$1,096,273</b>	<b>\$17,851,262</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$986,579	\$426,577	\$91,879	\$1,505,035
Note payable	1,394,285	0	0	1,394,285
Salaries payable	3,425,174	0	412	3,425,586
Due to other governmental units	567,942	0	398	568,340
Other liabilities	1,714,406	0	70	1,714,476
Unearned revenue	602,962	0	14,503	617,465
<b>Total Liabilities</b>	<b>8,691,348</b>	<b>426,577</b>	<b>107,262</b>	<b>9,225,187</b>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	20,606	0	0	20,606
Prepaid expenditures	42,319	0	0	42,319
Restricted for:				
Technology enhancement	122,883	0	0	122,883
Capital projects	0	3,404,867	0	3,404,867
Assigned to:				
Termination pay	295,503	0	0	295,503
Food service	0	0	984,122	984,122
Capital projects	0	0	4,889	4,889
Unassigned	3,750,886	0	0	3,750,886
<b>Total Fund Balances</b>	<b>4,232,197</b>	<b>3,404,867</b>	<b>989,011</b>	<b>8,626,075</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$12,923,545</b>	<b>\$3,831,444</b>	<b>\$1,096,273</b>	<b>\$17,851,262</b>

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, 2013*

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<b>Total Fund Balances - Governmental Funds</b>		<b>\$8,626,075</b>
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	\$49,085,358	
Accumulated depreciation	<u>(29,538,255)</u>	
		19,547,103
Long-term receivable not available to pay current period expenditures and are not reported in the funds.		145,000
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:		
General obligation bonds	(145,000)	
Accrued interest	(58,677)	
Notes payable	(467,606)	
Capital leases	(993,186)	
Compensated absences	<u>(3,376,935)</u>	
		<u>(5,041,404)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u>\$23,276,774</u></b>

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, 2013*

	<u>General</u>	<u>Sinking Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Local sources	\$16,342,665	\$1,685,650	\$833,537	\$18,861,852
State sources	32,519,390	0	107,246	32,626,636
Federal sources	2,223,569	0	1,927,381	4,150,950
Interdistrict and other sources	3,502,098	0	0	3,502,098
<b>Total Revenues</b>	<b>54,587,722</b>	<b>1,685,650</b>	<b>2,868,164</b>	<b>59,141,536</b>
<b>Expenditures</b>				
Instruction	32,155,792	0	0	32,155,792
Support services	20,000,045	0	2,806,260	22,806,305
Community services	580,108	0	0	580,108
Athletics	707,212	0	0	707,212
Interdistrict and other uses	53,762	0	0	53,762
Debt service	964,077	0	150,310	1,114,387
Capital outlay	0	2,042,920	0	2,042,920
<b>Total Expenditures</b>	<b>54,460,996</b>	<b>2,042,920</b>	<b>2,956,570</b>	<b>59,460,486</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>126,726</b>	<b>(357,270)</b>	<b>(88,406)</b>	<b>(318,950)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from loans	230,000	0	0	230,000
Transfer from Mason Consolidated	0	0	150,310	150,310
Operating transfers in	35,000	0	0	35,000
Operating transfers out	0	0	(35,000)	(35,000)
<b>Total Other Financing Sources (Uses)</b>	<b>265,000</b>	<b>0</b>	<b>115,310</b>	<b>380,310</b>
<b>Net Change in Fund Balances</b>	<b>391,726</b>	<b>(357,270)</b>	<b>26,904</b>	<b>61,360</b>
Fund Balances - Beginning of year, restated	3,840,471	3,762,137	962,107	8,564,715
Fund Balances - End of year	\$4,232,197	\$3,404,867	\$989,011	\$8,626,075

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, 2013*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$61,360</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	(\$1,494,467)
Capital outlay	<u>1,795,083</u>
	300,616
<p>Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.</p>	18,573
<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>	976,053
<p>Other financing source for bond principal and interest is reported in the governmental funds, but not in the statement of activities.</p>	(140,000)
<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>	59,139
<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>	(412,414)
<p>Long-term debt issuance is reported as an other financing source in the governmental funds. Long-term debt is not a revenue in the statement of activities.</p>	<u>(230,000)</u>
	<u><u>\$633,327</u></u>

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2013*

	<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	\$311,420	\$648,899	\$960,319
Receivables:			
Loans	0	780	780
 Total Assets	 <u>\$311,420</u>	 <u>\$649,679</u>	 <u>\$961,099</u>
 <b>Liabilities and Net Position</b>			
Due to student groups	\$311,420	\$0	\$311,420
 <b>Net Position</b>			
Reserved for loans receivable	0	780	780
Nonexpendable endowments	0	375,055	375,055
Expendable endowments	0	273,844	273,844
 Total Net Position	 <u>0</u>	 <u>649,679</u>	 <u>649,679</u>
 Total Liabilities and Net Position	 <u>\$311,420</u>	 <u>\$649,679</u>	 <u>\$961,099</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, 2013*

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	<u>Scholarships and Other</u>
<b>Additions</b>	
Private donations	\$11,261
Interest income	<u>3,928</u>
Total Additions	15,189
<b>Deductions</b>	
Scholarships/other	<u>28,150</u>
<b>Change in Net Position</b>	(12,961)
Net Position - Beginning of year	<u>662,640</u>
Net Position - End of year	<u><u>\$649,679</u></u>

See accompanying notes to the basic financial statements.

# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2013*

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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.

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2013*

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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

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.

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, Debt Retirement Fund, and 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. Position, Liabilities, 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.

MONROE PUBLIC SCHOOLS

Notes to Financial Statements  
Year Ended June 30, 2013

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Position or Equity (Continued)

Deposits and Investments (Concluded)

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.

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, 2013, 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:

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

# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2013*

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

### C. Assets, Liabilities, and Net Position or Equity (Continued)

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.

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.

Net Position - Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is 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.

# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements  
Year Ended June 30, 2013*

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

### C. Assets, Liabilities, and Net Position or Equity (Concluded)

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 2013.
- 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.
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.

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.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2013*

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Note 2      Summary of Significant Accounting Policies (Concluded)  
 G. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2013 through September 17, 2013, the date the financial statements were available to be issued.

Note 3      Restatement of Fund Balance  
 During the year ended June 30, 2013, Monroe Public Schools recalculated the indirect cost calculation for the year ending June 30, 2012. The indirect cost calculation was reduced by \$1,924 which resulted in the following effect on the fund balance for the General Fund and the Food Service Fund.

	<u>General Fund</u>	<u>Food Service Fund</u>
Fund balance reported June 30, 2012	\$3,842,395	\$955,298
Change in indirect cost calculation	<u>(1,924)</u>	<u>1,924</u>
Restated fund balance June 30, 2013	<u>\$3,840,471</u>	<u>\$957,222</u>

Note 4      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, 2013, 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 5      Deposits and Investments  
 As of June 30, 2013, 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, 2013, the School District does not place any limits on the amount the School District may deposit or invest in any one issuer.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2013*

Note 5      **Deposits and Investments (Concluded)**

*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.

*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, 2013. 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 6      **Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Assets not being depreciated:				
Land	\$613,940	\$0	\$0	\$613,940
Construction in progress	753,270	620,299	753,270	620,299
	<u>1,367,210</u>	<u>620,299</u>	<u>753,270</u>	<u>1,234,239</u>
Capital assets being depreciated:				
Land improvements	5,105,068	104,012	51,565	5,157,515
Buildings and building improvements	32,410,095	1,345,237	1,140,313	32,615,019
Machinery and equipment	5,379,761	478,805	239,026	5,619,540
Vehicles	4,522,371	0	63,326	4,459,045
	<u>47,417,295</u>	<u>1,928,054</u>	<u>1,494,230</u>	<u>47,851,119</u>
Total capital assets	48,784,505	2,548,353	2,247,500	49,085,358
Less accumulated depreciation:				
Land improvements	(2,871,314)	(137,527)	(29,475)	(2,979,366)
Buildings and building improvements	(19,148,779)	(701,822)	(765,908)	(19,084,693)
Machinery and equipment	(3,679,100)	(403,031)	(223,107)	(3,859,024)
Vehicles	(3,426,411)	(252,087)	(63,326)	(3,615,172)
	<u>(29,125,604)</u>	<u>(1,494,467)</u>	<u>(1,081,816)</u>	<u>(29,538,255)</u>
Total accumulated depreciation	(29,125,604)	(1,494,467)	(1,081,816)	(29,538,255)
Net capital assets	<u>\$19,658,901</u>	<u>\$1,053,886</u>	<u>\$1,165,684</u>	<u>\$19,547,103</u>

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



**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2013*

Note 6

Interfund Transfers

Interfund transfers at June 30, 2013, consisted of the following:

TRANSFERS OUT	
	<u>Food Service</u>
TRANSFERS IN	
General Fund	<u>\$35,000</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

A. Plan Description

The School participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at P.O. Box 30171, Lansing, MI 48909-7671 or online at [www.michigan.gov/documents/orsschools/CAFR](http://www.michigan.gov/documents/orsschools/CAFR).

B. Funding Policy

Employer contributions to the MPERS result from the effects of implementing the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 24.46 percent for the period July 1, 2012 through September 30, 2012 and 25.36 percent for the period October 1, 2012 through January 31, 2013 of the covered payroll to the plan. Beginning February 1, 2013 through June 30, 2013 the pension rate (including defined contributions) for the basic MIP employees ranged from 24.32 percent to 26.96 percent.

Employees hired on or after July 1, 2010 are in the Pension Plus hybrid plan. The pension rate for the Pension Plus plan members was 23.23 percent for the period July 1, 2012 through September 30, 2012.

Beginning October 1, 2012, the pension rate for the Pension Plus plan members who were hired between July 1, 2010 and September 3, 2012 ranged from 24.13 percent to 25.36 percent for the period October 1, 2012 through January 31, 2013 of the covered payroll. Beginning February 1, 2013 through June 30, 2013 the pension rate for these pension plus members ranged from 24.13 percent to 25.13 percent.

MONROE PUBLIC SCHOOLS

Notes to Financial Statements  
Year Ended June 30, 2013

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

B. Funding Policy (Concluded)

The pension rate for the Pension Plus plan members who were hired after September 3, 2012 ranged from 20.96 percent to 23.2 percent for the period October 1, 2012 through January 31, 2013 and 25.96 percent to 26.2 percent for the period February 1, 2013 to June 30, 2013.

Basic plan members have not been required to make contributions to the retirement system and Member Investment Plan (MIP) members have contributed with rates ranging from 3 percent to 6.4 percent of their gross wages. As of February 1, 2013, the Basic and MIP members had four options where they can choose to increase, maintain, or stop contributions to the pension fund. Employee contributions as of February 1, 2013 range from zero percent to 7 percent, depending on the option the member chooses.

Pension Plus plan members contribute 3 percent of compensation to the retiree healthcare fund. These members may keep the graded premium subsidy they currently have at a 3 percent rate, or as of February 1, 2013 they could choose the personal healthcare fund which can be used to pay healthcare expenses in retirement. If members choose the personal healthcare fund, they will opt-out of the premium subsidy benefit and be enrolled in a 2 percent employee contribution into a state-sponsored 457 account.

The School's contributions to the MPSERS pension plan for the years ended June 30, 2013, 2012, and 2011 were \$6,806,630, \$6,679,345, and \$5,597,429, respectively.

C. Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage. Retirees electing continuing coverage contribute a monthly portion of the premium based on various factors specified by the retirement system for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School's total contribution to the MPSERS pension plan discussed above.

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, 2013*

Note 9      Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
General Obligation Bonds:					
2001 Limited Tax School Building and Site Bonds	\$285,000	\$ -	\$140,000	\$145,000	\$145,000
Notes Payable:					
Fifth Third Leasing Co. Telecommunication System	310,041	-	98,711	211,330	103,277
Fifth Third Bank Ten buses	<u>512,552</u>	<u>-</u>	<u>256,276</u>	<u>256,276</u>	<u>256,276</u>
	822,593	-	354,987	467,606	359,553
Other Liabilities:					
Compensated absences	<u>3,436,074</u>	<u>358,893</u>	<u>418,032</u>	<u>3,376,935</u>	<u>34,193</u>
	<u>\$4,543,667</u>	<u>\$358,893</u>	<u>\$913,019</u>	<u>\$3,989,541</u>	<u>\$393,746</u>

Balance  
June 30, 2013

Bonds Payable:

2001 Limited Tax School Building and Site Bonds - Mason Consolidated School District shall be responsible for the payment of the annual principal and interest payments on the debt incurred by Monroe Public Schools for the 2001 Limited Tax School Building and Site Bonds. The payments to Monroe Public Schools will be made in a period of time sufficient to allow for payments on the obligations without penalty.

\$145,000

Notes Payable:

Fifth Third Leasing Company Telecommunication System Note: Term note, payable \$113,051 annually, beginning July 12, 2005, including interest at 4.23%, due July 12, 2014, secured by equipment.

\$211,330

Fifth Third Bank Buses Note: Term note, payable \$256,276 annually, beginning October 1, 2011, including interest at 30-day LIBOR rate plus 2.10% due October 1, 2013, secured by buses.

256,276

Total Notes Payable

\$467,606

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2013*

Note 9      Long-Term Debt (Concluded)

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

Principal and interest requirements to retire the 2001 Limited Tax School Building and Site Bonds are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Interest Requirements</u>		<u>Bond Maturities</u>	<u>Total</u>
	<u>July 1</u>	<u>January 1</u>	<u>January 1</u>	<u>Requirements</u>
2014	<u>\$0</u>	<u>\$3,407</u>	<u>\$145,000</u>	<u>\$148,407</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$504,553	\$13,182	\$517,735
2015	<u>108,053</u>	<u>4,998</u>	<u>113,051</u>
	<u>\$612,606</u>	<u>\$18,180</u>	<u>\$630,786</u>

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>
2014	\$377,754
2015	377,756
2016	<u>377,756</u>
	1,133,266
Less: amount representing interest	<u>140,080</u>
Present value of future minimum lease payments	<u>\$993,186</u>
Cost of equipment	<u>\$1,828,253</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, 2015. 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 \$110,000 per year.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2013*

Note 10     Lease Commitments (Concluded)  
Operating Lease (Concluded)

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>
2014	\$14,503
2015	14,962
2016	14,962
2017	11,221
	<u>\$55,648</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 2012 property taxes were levied on December 1, 2012 on assessed valuations as of December 31, 2011. Taxes were collected beginning December 1, 2012 and payments were due by February 14, 2013. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2012 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$881,089,967	18.0000	\$15,859,619
Commercial Personal Property	58,617,366	6.0000	351,704
Sinking Fund	1,722,660,213	1.0000	<u>1,722,660</u>
Total			<u>\$17,933,983</u>

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, 2013, the School District incurred claims of \$27,279.

Note 13     Cafeteria Contract

During the fiscal year ended June 30, 2013, 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, 2013, 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.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2013*

Note 14     Short-Term Debt Activity (Concluded)

Short-term debt activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2013</u>
State aid anticipation note	<u>\$1,377,428</u>	<u>\$10,000,000</u>	<u>\$9,983,143</u>	<u>\$1,394,285</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, 2013.

B. Litigation

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

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.

# MONROE PUBLIC SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2013*

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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.

**MONROE PUBLIC SCHOOLS**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2013*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$16,935,795	\$16,187,310	\$16,342,665	\$155,355
State sources	30,572,605	32,606,054	32,519,390	(86,664)
Federal sources	2,728,120	2,952,934	2,223,569	(729,365)
Interdistrict and other sources	3,538,360	3,502,080	3,502,098	18
<b>Total Revenues</b>	<b>53,774,880</b>	<b>55,248,378</b>	<b>54,587,722</b>	<b>(660,656)</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	26,223,447	26,683,367	26,318,114	365,253
Added needs	6,001,102	6,027,467	5,837,678	189,789
Support services:				
Pupil	2,379,980	2,432,060	2,371,413	60,647
Instructional staff	2,533,465	2,860,101	2,496,646	363,455
General administration	542,330	705,770	685,385	20,385
School administration	2,952,880	3,337,616	3,284,966	52,650
Business administration	1,154,000	854,695	814,432	40,263
Operation and maintenance	5,522,990	5,708,013	5,398,683	309,330
Pupil transportation	4,065,438	3,560,763	3,383,904	176,859
Central services	1,860,582	1,928,375	1,564,616	363,759
Athletics	732,210	735,990	707,212	28,778
Community services	682,726	761,377	580,108	181,269
Interdistrict and other uses	183,915	108,616	53,762	54,854
Debt service:				
Principal retirement	848,206	842,552	842,507	45
Interest and fiscal charges	71,720	121,571	121,570	1
<b>Total Expenditures</b>	<b>55,754,991</b>	<b>56,668,333</b>	<b>54,460,996</b>	<b>2,207,337</b>
Excess (Deficiency) of Revenue Over Expenditures	(1,980,111)	(1,419,955)	126,726	1,546,681
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital lease	0	230,000	230,000	0
Proceeds from sale of capital assets	3,000	0	0	0
Operating transfers in	40,000	40,000	35,000	(5,000)
<b>Total Other Financing Sources (Uses)</b>	<b>43,000</b>	<b>270,000</b>	<b>265,000</b>	<b>(5,000)</b>
<b>Net Change in Fund Balances</b>	<b>(1,937,111)</b>	<b>(1,149,955)</b>	<b>391,726</b>	<b>1,541,681</b>
Fund Balances - Beginning of year, restated	2,381,169	3,840,471	3,840,471	0
Fund Balances - End of year	\$444,058	\$2,690,516	\$4,232,197	\$1,541,681



**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2013*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$15,164,195	\$15,264,115	\$99,920
Tuition	10,855	10,905	50
Transportation fees	23,000	25,955	2,955
Interest income	14,400	13,475	(925)
Child care	250,000	247,839	(2,161)
Rental income	170,000	191,281	21,281
Community activities	141,000	137,023	(3,977)
Athletics	207,780	208,182	402
Other revenue	206,080	243,890	37,810
<b>Total Local Sources</b>	<b>16,187,310</b>	<b>16,342,665</b>	<b>155,355</b>
<b>State Sources</b>			
Unrestricted grants:			
Foundation	26,348,320	26,348,329	9
Best practices	319,255	319,258	3
Performance based learning	245,580	245,583	3
Access miaccount program	1,765	1,767	2
Restricted grants:			
At Risk	1,322,055	1,301,488	(20,567)
Special education	2,493,470	2,493,476	6
Headlee obligation	150,550	150,600	50
MPSERS offset	571,720	571,772	52
MPSERS UAAL	541,434	541,570	136
Other state grants	93,560	27,712	(65,848)
Transfer from intermediate school district:			
Great Start Readiness Preschool	379,365	378,851	(514)
Vocational education added costs	138,980	138,984	4
<b>Total State Sources</b>	<b>32,606,054</b>	<b>32,519,390</b>	<b>(86,664)</b>
<b>Federal Sources</b>			
Title I	2,115,564	1,627,282	(488,282)
ARRA Title I	(21,280)	(21,281)	(1)
Title II Improving teacher quality	497,382	388,226	(109,156)
Title III Limited english	174,112	75,415	(98,697)
SEMCA	83,380	61,050	(22,330)
Transfer from intermediate school district:			
Medicaid outreach	7,000	4,906	(2,094)
Perkins	80,756	80,756	0
Homeless students' assistance	16,020	7,215	(8,805)
<b>Total Federal Sources</b>	<b>2,952,934</b>	<b>2,223,569</b>	<b>(729,365)</b>
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school districts:			
County special education tax	2,024,680	2,024,689	9
Technology enhancement millage	1,477,400	1,477,409	9
Proceeds from capital lease	230,000	230,000	0
Transfer from food service	40,000	35,000	(5,000)
<b>Total Interdistrict and Other Sources</b>	<b>3,772,080</b>	<b>3,767,098</b>	<b>(4,982)</b>
<b>Total Revenues</b>	<b>\$55,518,378</b>	<b>\$54,852,722</b>	<b>(\$665,656)</b>

**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2013*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$8,608,424	\$5,041,728	\$306,639
Middle School	2,322,533	1,238,623	66,231
High School	3,605,763	2,022,112	272,729
Pre-School	227,544	127,693	18,418
Summer School	33,176	10,648	0
	<u>14,797,440</u>	<u>8,440,804</u>	<u>664,017</u>
Added Needs:			
Special education	2,110,063	1,030,025	31,488
Compensatory education	800,154	329,933	2,350
Vocational education	803,710	469,553	32,419
	<u>3,713,927</u>	<u>1,829,511</u>	<u>66,257</u>
Total Instruction	18,511,367	10,270,315	730,274
<b>Support Services</b>			
Pupil:			
Truancy	13,500	1,033	0
Guidance	709,145	326,077	386
Health	0	0	80,390
Speech	431,838	241,243	0
Social work services	123,077	61,834	229
Teacher consultants	146,463	76,494	0
Other pupil services	81,336	26,103	35,849
	<u>1,505,359</u>	<u>732,784</u>	<u>116,854</u>
Instructional Staff:			
Improvement of instruction	695,388	375,011	223,445
Educational media services	73,383	27,946	991
Instruction related technology	0	0	0
Supervision and direction	379,815	207,871	73,395
Academic student assessment	0	0	18,096
	<u>1,148,586</u>	<u>610,828</u>	<u>315,927</u>
General Administration:			
Board of Education	10,440	799	296,821
Executive administration	268,170	85,348	4,200
	<u>278,610</u>	<u>86,147</u>	<u>301,021</u>
School Administration:			
Office of the principal	1,856,819	1,079,882	75,789
Business Administration:			
Fiscal services	292,263	163,564	25,669
Internal services	72,289	39,027	43
Other business services	0	0	34,923
	<u>364,552</u>	<u>202,591</u>	<u>60,635</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$451,985	\$124,184	\$6,577	\$14,539,537	\$14,744,798	\$205,261
42,099	49,706	405	3,719,597	3,722,941	3,344
97,240	63,712	1,563,034	7,624,590	7,703,088	78,498
5,114	1,790	0	380,559	387,122	6,563
10,007	0	0	53,831	125,418	71,587
606,445	239,392	1,570,016	26,318,114	26,683,367	365,253
610	5,665	0	3,177,851	3,213,950	36,099
46,390	0	0	1,178,827	1,302,636	123,809
162,169	0	13,149	1,481,000	1,510,881	29,881
209,169	5,665	13,149	5,837,678	6,027,467	189,789
815,614	245,057	1,583,165	32,155,792	32,710,834	555,042
0	0	0	14,533	15,040	507
2,965	0	145	1,038,718	1,065,130	26,412
414	0	12,223	93,027	105,800	12,773
116	0	0	673,197	676,560	3,363
0	0	0	185,140	187,720	2,580
0	0	0	222,957	229,210	6,253
553	0	0	143,841	152,600	8,759
4,048	0	12,368	2,371,413	2,432,060	60,647
40,324	1,595	0	1,335,763	1,585,202	249,439
7,401	0	0	109,721	120,610	10,889
342,311	0	16,680	358,991	383,948	24,957
10,436	0	2,558	674,075	752,241	78,166
0	0	0	18,096	18,100	4
400,472	1,595	19,238	2,496,646	2,860,101	363,455
182	0	16,330	324,572	330,550	5,978
775	0	2,320	360,813	375,220	14,407
957	0	18,650	685,385	705,770	20,385
9,260	250,244	12,972	3,284,966	3,337,616	52,650
1,667	0	16,875	500,038	521,045	21,007
79,082	16,394	0	206,835	225,630	18,795
0	0	72,636	107,559	108,020	461
80,749	16,394	89,511	814,432	854,695	40,263

**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2013*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Support Services (Concluded)</b>			
Operating Buildings Services:			
Operation and maintenance	\$1,704,624	\$1,096,701	\$865,356
Security services	0	0	498,226
	<u>1,704,624</u>	<u>1,096,701</u>	<u>1,363,582</u>
Pupil transportation	1,378,333	978,012	605,502
Central Services:			
Communication services	0	0	77,157
Staff/Personnel services	213,478	116,760	69,535
Technology	311,672	153,649	351,289
Pupil accounting	41,656	29,308	0
	<u>566,806</u>	<u>299,717</u>	<u>497,981</u>
Athletics	<u>257,232</u>	<u>115,873</u>	<u>248,796</u>
Total Support Services	9,060,921	5,202,535	3,586,087
<b>Community Services</b>			
Community recreation	62,287	27,519	60,645
Community activities	0	0	0
Custody and care of children	142,986	59,592	48,654
Non-Public school pupils	82,114	48,494	19,073
	<u>287,387</u>	<u>135,605</u>	<u>128,372</u>
Total Community Services			
<b>Interdistrict and Other Uses</b>			
Other	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>\$27,859,675</u>	<u>\$15,608,455</u>	<u>\$4,444,733</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$1,100,123	\$131,113	\$684	\$4,898,601	\$5,207,313	\$308,712
1,856	0	0	500,082	500,700	618
1,101,979	131,113	684	5,398,683	5,708,013	309,330
420,935	0	1,122	3,383,904	3,560,763	176,859
0	399	6,276	83,832	89,700	5,868
7,380	0	3,579	410,732	440,295	29,563
46,121	92,509	43,053	998,293	1,323,775	325,482
707	88	0	71,759	74,605	2,846
54,208	92,996	52,908	1,564,616	1,928,375	363,759
69,568	383	15,360	707,212	735,990	28,778
2,142,176	492,725	222,813	20,707,257	22,123,383	1,416,126
6,479	0	0	156,930	159,910	2,980
15,413	0	0	15,413	48,123	32,710
3,644	359	0	255,235	288,730	33,495
2,849	0	0	152,530	264,614	112,084
28,385	359	0	580,108	761,377	181,269
0	0	53,762	53,762	108,616	54,854
0	0	842,507	842,507	842,552	45
0	0	121,570	121,570	121,571	1
0	0	964,077	964,077	964,123	46
<u>\$2,986,175</u>	<u>\$738,141</u>	<u>\$2,823,817</u>	<u>\$54,460,996</u>	<u>\$56,668,333</u>	<u>\$2,207,337</u>

**MONROE PUBLIC SCHOOLS**

*Sinking Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Property taxes	\$1,736,400	\$1,671,040	\$1,678,067	\$7,027
Interest income	7,600	7,600	7,583	(17)
<b>Total Revenues</b>	<b>1,744,000</b>	<b>1,678,640</b>	<b>1,685,650</b>	<b>7,010</b>
<b>Expenditures</b>				
Purchased services:				
Other services	0	380,000	380,000	0
Capital outlay:				
Building improvements	2,527,100	1,951,500	1,662,920	288,580
<b>Total Expenditures</b>	<b>2,527,100</b>	<b>2,331,500</b>	<b>2,042,920</b>	<b>288,580</b>
<b>Net Change in Fund Balance</b>	<b>(783,100)</b>	<b>(652,860)</b>	<b>(357,270)</b>	<b>295,590</b>
Fund Balance - Beginning of year	3,338,864	3,762,137	3,762,137	0
Fund Balance - End of year	<u>\$2,555,764</u>	<u>\$3,109,277</u>	<u>\$3,404,867</u>	<u>\$295,590</u>

**MONROE PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2013*

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Food Service</u>	<u>Debt Retirement</u>	<u>Building and Site</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$812,593	\$0	\$4,889	\$817,482
Accounts receivable	6,660	0	0	6,660
Due from other governmental units	272,131	0	0	272,131
<b>Total Assets</b>	<b>\$1,091,384</b>	<b>\$0</b>	<b>\$4,889</b>	<b>\$1,096,273</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$91,879	\$0	\$0	\$91,879
Salaries payable	412	0	0	412
Due to other governmental units	398	0	0	398
Other liabilities	70	0	0	70
Unearned revenue	14,503	0	0	14,503
<b>Total Liabilities</b>	<b>107,262</b>	<b>0</b>	<b>0</b>	<b>107,262</b>
<b>Fund Balances</b>				
Assigned to:				
Food service	984,122	0	0	984,122
Capital projects	0	0	4,889	4,889
<b>Total Fund Balances</b>	<b>984,122</b>	<b>0</b>	<b>4,889</b>	<b>989,011</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,091,384</b>	<b>\$0</b>	<b>\$4,889</b>	<b>\$1,096,273</b>

**MONROE PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2013*

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Food Service</u>	<u>Debt Retirement</u>	<u>Building and Site Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>				
Local sources	\$833,533	\$0	\$4	\$833,537
State sources	107,246	0	0	107,246
Federal sources	1,927,381	0	0	1,927,381
<b>Total Revenues</b>	<b>2,868,160</b>	<b>0</b>	<b>4</b>	<b>2,868,164</b>
<b>Expenditures</b>				
Food service	2,806,260	0	0	2,806,260
Debt service	0	150,310	0	150,310
<b>Total Expenditures</b>	<b>2,806,260</b>	<b>150,310</b>	<b>0</b>	<b>2,956,570</b>
Excess (Deficiency) of Revenues Over Expenditures	61,900	(150,310)	4	(88,406)
<b>Other Financing Sources (Uses)</b>				
Transfer from Mason Consolidated	0	150,310	0	150,310
Operating transfers out	(35,000)	0	0	(35,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(35,000)</b>	<b>150,310</b>	<b>0</b>	<b>115,310</b>
<b>Net Change in Fund Balances</b>	<b>26,900</b>	<b>0</b>	<b>4</b>	<b>26,904</b>
Fund Balances - Beginning of year	957,222	0	4,885	962,107
Fund Balances - End of year	\$984,122	\$0	\$4,889	\$989,011



**MONROE PUBLIC SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Food sales	\$949,901	\$823,000	\$826,972	\$3,972
Interest income	750	800	841	41
Other	5,000	6,000	5,720	(280)
Total Local Sources	955,651	829,800	833,533	3,733
State Sources:				
Restricted grants	109,059	107,240	107,246	6
Federal Sources:				
Restricted grants	1,783,360	1,705,100	1,716,630	11,530
Commodities	170,000	170,000	210,751	40,751
Total Federal Sources	1,953,360	1,875,100	1,927,381	52,281
Total Revenues	3,018,070	2,812,140	2,868,160	56,020
<b>Expenditures</b>				
Food Service:				
Salaries	134,500	143,800	137,623	6,177
Employee benefits	50,400	46,900	43,602	3,298
Purchased services	2,545,000	2,332,500	1,240,933	1,091,567
Supplies and materials	155,500	146,820	1,244,140	(1,097,320)
Capital outlay	50,000	150,000	131,013	18,987
Other	7,100	8,650	8,949	(299)
Total Expenditures	2,942,500	2,828,670	2,806,260	22,410
Excess (Deficiency) of Revenue Over Expenditures	75,570	(16,530)	61,900	78,430
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(40,000)	(40,000)	(35,000)	5,000
<b>Net Change in Fund Balance</b>	35,570	(56,530)	26,900	83,430
Fund Balance - Beginning of year, restated	820,726	957,222	957,222	0
Fund Balance - End of year	\$856,296	\$900,692	\$984,122	\$83,430

**MONROE PUBLIC SCHOOLS**

*Debt Retirement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Principal	145,000	140,000	140,000	0
Interest and fees	3,757	10,385	10,310	75
Total Expenditures	148,757	150,385	150,310	75
Excess (Deficiency) of Revenues Over Expenditures	(148,757)	(150,385)	(150,310)	(75)
<b>Other Financing Sources</b>				
Transfer from Mason Consolidated	148,757	150,385	150,310	(75)
<b>Net Change in Fund Balance</b>	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0

**MONROE PUBLIC SCHOOLS**

*Building and Site Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Interest income	\$5	\$3	\$4	\$1
<b>Expenditures</b>	0	0	0	0
<b>Net Change in Fund Balance</b>	5	3	4	1
Fund Balance - Beginning of year	4,887	4,885	4,885	0
Fund Balance - End of year	<u>\$4,892</u>	<u>\$4,888</u>	<u>\$4,889</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. There is a nonexpendable endowment of \$104,044.

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. There is a nonexpendable endowment of \$16,224.

Milligan Scholarship Fund - Established in May of 1990, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$29,486.

Wertenberger Scholarship Fund - Established in June of 1991, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$30,000.

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. There is a nonexpendable endowment of \$5,039.

Robert Worden Scholarship - Established August 31, 2001, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$31,271.

Kosa Scholarship Endowment Fund - Established September 1, 2006, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$1,498.

## 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.

Gertz Scholarship Fund – Established August 14, 2012, for the purpose of providing scholarships for higher education.

Optimist Club Scholarship Fund – Established November 20, 2012, 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, 2013*

	Alida K. Knapp	Manning Sill	Christiancy	Monroe Public Schools Scholarship	June R. Heck Scholarship	Rye Scholarship	Milligan Scholarship	Wertenberger Scholarship	Child Wellness	Krabusch Scholarship
ASSETS										
Cash	\$88,862	\$11,563	\$659	\$118,100	\$54,772	\$16,475	\$29,973	\$30,506	\$14,467	\$72,232
Receivables:										
Loans	780	0	0	0	0	0	0	0	0	0
Total Assets	<u>\$89,642</u>	<u>\$11,563</u>	<u>\$659</u>	<u>\$118,100</u>	<u>\$54,772</u>	<u>\$16,475</u>	<u>\$29,973</u>	<u>\$30,506</u>	<u>\$14,467</u>	<u>\$72,232</u>

**NET POSITION**

Reserved for loans receivable	\$780	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserved for endowments	10,000	4,540	1,000	104,044	50,000	16,224	29,486	30,000	7,477	64,476
Unreserved	78,862	7,023	(341)	14,056	4,772	251	487	506	6,990	7,756
Total Net Position	<u>\$89,642</u>	<u>\$11,563</u>	<u>\$659</u>	<u>\$118,100</u>	<u>\$54,772</u>	<u>\$16,475</u>	<u>\$29,973</u>	<u>\$30,506</u>	<u>\$14,467</u>	<u>\$72,232</u>

Kutsche Scholarship	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	Gertz Scholarship	Optimist Club Scholarship	Waterloo Scholarship	Totals
\$20,409	\$5,214	\$31,969	\$2,308	\$1,072	\$9,636	\$101	(\$1,000)	\$107,886	\$20,948	\$7,188	\$2,000	\$2,000	\$1,559	\$648,899
0	0	0	0	0	0	0	0	0	0	0	0	0	0	780
<u>\$20,409</u>	<u>\$5,214</u>	<u>\$31,969</u>	<u>\$2,308</u>	<u>\$1,072</u>	<u>\$9,636</u>	<u>\$101</u>	<u>(\$1,000)</u>	<u>\$107,886</u>	<u>\$20,948</u>	<u>\$7,188</u>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$1,559</u>	<u>\$649,679</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$780
20,000	5,039	31,271	1,498	0	0	0	0	0	0	0	0	0	0	375,055
409	175	698	810	1,072	9,636	101	(1,000)	107,886	20,948	7,188	2,000	2,000	1,559	273,844
<u>\$20,409</u>	<u>\$5,214</u>	<u>\$31,969</u>	<u>\$2,308</u>	<u>\$1,072</u>	<u>\$9,636</u>	<u>\$101</u>	<u>(\$1,000)</u>	<u>\$107,886</u>	<u>\$20,948</u>	<u>\$7,188</u>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$1,559</u>	<u>\$649,679</u>

**MONROE PUBLIC SCHOOLS**

*Nonexpendable Private-Purpose Trust Funds  
Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Year Ended June 30, 2013*

	<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	\$3,452	\$0	\$0
Interest income	<u>133</u>	<u>18</u>	<u>1</u>	<u>1,650</u>	<u>92</u>	<u>253</u>
Total Revenues	133	18	1	5,102	92	253
<b>Expenditures</b>						
Scholarships/other	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,250</u>	<u>600</u>	<u>400</u>
Excess (Deficiency) of Revenues over Expenditures	133	18	1	(8,148)	(508)	(147)
Net Position - Beginning of year	<u>89,509</u>	<u>11,545</u>	<u>658</u>	<u>126,248</u>	<u>55,280</u>	<u>16,622</u>
Net Position - End of year	<u><u>\$89,642</u></u>	<u><u>\$11,563</u></u>	<u><u>\$659</u></u>	<u><u>\$118,100</u></u>	<u><u>\$54,772</u></u>	<u><u>\$16,475</u></u>



<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	\$500	\$750	\$4,702
460	468	23	130	35	71	51	16	3,401
460	468	23	130	35	71	551	766	8,103
700	700	0	8,000	0	0	500	0	24,150
(240)	(232)	23	(7,870)	35	71	51	766	(16,047)
30,213	30,738	14,444	80,102	20,374	5,143	31,918	1,542	514,336
<u>\$29,973</u>	<u>\$30,506</u>	<u>\$14,467</u>	<u>\$72,232</u>	<u>\$20,409</u>	<u>\$5,214</u>	<u>\$31,969</u>	<u>\$2,308</u>	<u>\$498,289</u>

**MONROE PUBLIC SCHOOLS**

*Expendable Private-Purpose Trust Funds  
Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Year Ended June 30, 2013*

	<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	\$0
Interest income	<u>9</u>	<u>17</u>	<u>1</u>	<u>0</u>
Total Revenues	9	17	1	0
<b>Expenditures</b>				
Scholarships/other	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues over Expenditures	9	(983)	1	(1,000)
Net Position - Beginning of year	<u>1,063</u>	<u>10,619</u>	<u>100</u>	<u>0</u>
Net Position - End of year	<u><u>\$1,072</u></u>	<u><u>\$9,636</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>Gertz Scholarship</u>	<u>Optimist Club Scholarship</u>	<u>Waterloo Scholarship</u>	<u>Totals</u>
\$0	\$0	\$1,000	\$2,000	\$2,000	\$1,559	\$6,559
160	330	10	0	0	0	527
160	330	1,010	2,000	2,000	1,559	7,086
0	1,000	1,000	0	0	0	4,000
0	1,000	1,000	0	0	0	4,000
160	(670)	10	2,000	2,000	1,559	3,086
107,726	21,618	7,178	0	0	0	148,304
<u>\$107,886</u>	<u>\$20,948</u>	<u>\$7,188</u>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$1,559</u>	<u>\$151,390</u>

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund*  
*Statement of Changes in Assets and Liabilities*  
*June 30, 2013*

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	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Assets</b>				
Cash	<u>\$313,014</u>	<u>\$520,363</u>	<u>\$521,957</u>	<u>\$311,420</u>
<b>Liabilities</b>				
Due to student groups	<u>\$313,014</u>	<u>\$520,363</u>	<u>\$521,957</u>	<u>\$311,420</u>

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) Student Groups June 30, 2012	Receipts	Disbursements	Due to (From) Student Groups June 30, 2013
Monroe High School:				
Schultz Memorial	\$79	\$0	\$0	\$79
AP Biology	79	0	79	0
Football Coaches	4,337	16,005	10,699	9,643
Sticker Money	3,156	5,578	3,589	5,145
Monroe High Trap Club	341	1,045	1,398	(12)
Highlighter	24,762	7,550	25,698	6,614
Instrumental Music	6,069	2,997	2,713	6,353
Choir	274	334	440	168
BPA	727	1,619	1,836	510
Spanish Club	50	0	50	0
Student Council	14,057	44,513	47,839	10,731
Close-Up	379	0	0	379
Lotus Leaf	1,390	63	1,439	14
FUEL	57	0	0	57
National Honor Society	290	2,164	2,291	163
Orchestra	3	0	0	3
Lifetime Wellness	1,258	0	1,258	0
Ski Club	91	0	91	0
DECA	1,179	3,866	4,793	252
FIZIX	22	0	0	22
Drama Club	7,627	3,899	8,398	3,128
"S" Club	916	539	1,048	407
Misc. Income	11,681	1,791	4,261	9,211
Advanced Placement	18,019	8,614	19,057	7,576
Main Office	558	4,842	4,109	1,291
Library	241	194	386	49
Tests	51	1,460	1,489	22
Sunshine Fund	853	55	715	193
CLD	162	2,339	1,826	675
Cash for Check	0	14,022	14,022	0
Cash Advance	0	2,500	2,500	0
Locks	1,501	0	0	1,501
Sales Tax	287	48	48	287
MHS Renaissance	2,667	1,240	0	3,907
Testing Out	110	40	0	150
National Tech Honor Society	3,960	3,287	3,044	4,203
Phys ED	43	0	0	43
Green Club	0	262	0	262
Pep Club	1,078	795	936	937

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) Student Groups June 30, 2012	Receipts	Disbursements	Due to (From) Student Groups June 30, 2013
Monroe High School (Continued):				
Tech Club	\$15,827	\$16,934	\$19,065	\$13,696
Chess Club	43	0	0	43
HOSA	542	11,028	11,070	500
Athletic Department	11,527	14,211	19,089	6,649
Music Department	676	500	571	605
Seam Rippers	1,080	167	44	1,203
English Club	164	0	164	0
Special Projects	6,838	13,451	12,908	7,381
Gay Straight Alliance	982	140	404	718
Art Club	2,554	250	0	2,804
Home Builders Association	2,665	1,375	1,500	2,540
Ecology	52	0	52	0
Red Hat	198	378	198	378
International Cultures	1,556	2,308	1,936	1,928
Calculus	46	2,697	2,381	362
Young Democrats	1,011	0	0	1,011
Patriot	50	0	50	0
Trojan Pride Art & Craft Show	957	0	300	657
Trojan Tidings	83	379	379	83
Trojan Den	288	1,568	1,767	89
WARP	696	0	0	696
MHS Interact	1,207	771	345	1,633
2002 Reunion	4,684	0	4,684	0
2003 Reunion	2,858	0	2,858	0
2004 Reunion	8,722	0	0	8,722
2005 Reunion	1,681	0	0	1,681
2006 Reunion	8,341	0	0	8,341
Class of 2008	7,607	0	0	7,607
Class of 2009	666	0	0	666
Broadcasting Club	100	0	0	100
MHS Hockey	0	36,687	35,727	960
MHS Baseball	89	1,234	1,000	323
MHS Boys Basketball	947	1,000	1,370	577
MHS Golf	808	875	780	903
MHS Boys Swimming	3,422	1,048	3,716	754
MHS Boys Track	1,544	11,222	8,784	3,982
MHS Cheerleading	1,634	14,876	15,141	1,369
MHS Cross Country	1,003	1,779	1,132	1,650
MHS Competitive Cheer	11,065	18,230	22,126	7,169
MHS Girls Basketball	620	6,413	4,363	2,670
MHS Girls Golf	239	979	165	1,053
MHS Girls Swimming	2,885	5,406	3,332	4,959

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) Student Groups June 30, 2012	Receipts	Disbursements	Due to (From) Student Groups June 30, 2013
<b>Monroe High School (Concluded):</b>				
MHS Girls Track	\$37	\$0	\$0	\$37
MHS Softball	7,038	475	2,208	5,305
MHS Bowling	238	560	210	588
MHS Tennis	115	1,055	755	415
MHS Volleyball	4,032	18,096	15,877	6,251
Equestrian	0	405	405	0
MHS Soccer	0	882	527	355
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	2,599	29,418	26,286	5,731
Class of 2014	73	12,730	2,020	10,783
Class of 2015	716	3,761	2,155	2,322
Class of 2016	0	928	310	618
Monroe County Golf	(324)	324	0	0
Zombie Apocalypse Survival	187	0	0	187
Ultimate Frisbee Club	118	682	609	191
Ignition	0	1,000	0	1,000
Monroe High Unify	0	720	0	720
Guitar Club	0	72	0	72
English Lit AP Class	0	20	20	0
E2020	0	200	0	200
	<b>236,319</b>	<b>368,895</b>	<b>394,835</b>	<b>210,379</b>
<b>Monroe Middle School:</b>				
Board of Education	5,691	0	3,572	2,119
Lock Fund	342	0	192	150
Renaissance	843	388	0	1,231
Special Projects	9,030	26,376	30,851	4,555
Staff Flower Fund	(43)	370	52	275
Lounge Pop Fund	2,154	1,585	1,108	2,631
Choir	543	14,748	14,024	1,267
Girls Basketball	547	4,927	4,360	1,114
Golf	4	0	0	4
Orchestra	1,585	6,185	6,189	1,581
Yearbook	4,121	7,738	731	11,128
Band	827	11,898	10,914	1,811
Student Council	5,120	454	4,470	1,104
Needy Student	40	4,048	2,335	1,753

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) Student Groups June 30, 2012	Receipts	Disbursements	Due to (From) Student Groups June 30, 2013
<b>Monroe Middle School (Concluded):</b>				
Media Center	\$2,319	\$4,938	\$5,833	\$1,424
Theatre	1,450	1,852	1,205	2,097
Postage	225	0	0	225
Class Trip - 8th Grade	1,630	8,608	6,967	3,271
NJHS	381	2,158	544	1,995
LEGO	1,727	0	0	1,727
Cheerleading	943	3,541	4,299	185
Competitive Cheerleading	0	1,941	755	1,186
MMS Swimming	0	389	0	389
MMS Volleyball	0	2,765	2,567	198
Track	622	1,516	959	1,179
	<u>40,101</u>	<u>106,425</u>	<u>101,927</u>	<u>44,599</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	33,985	22,647	17,912	38,720
Positive Action	1,679	3,597	1,820	3,456
Comm Ed/MS Athletics	51	0	51	0
Sunshine Fund	393	0	0	393
Rainbow Fundraising	1,237	0	0	1,237
Nevaeh Memorial	783	1,557	2,250	90
Promise Project	1,197	4,822	2,561	3,458
Waterloo Recycling	708	432	0	1,140
Building The Best - MPS	1,124	0	0	1,124
Arborwood Office	705	741	448	998
Auction	0	10,747	76	10,671
Waterloo Gardens	0	500	77	423
	<u>36,594</u>	<u>45,043</u>	<u>25,195</u>	<u>56,442</u>
	<u>\$313,014</u>	<u>\$520,363</u>	<u>\$521,957</u>	<u>\$311,420</u>



**MONROE PUBLIC SCHOOLS**

*Schedule of Technology Enhancement Millage  
Budget and Actual  
Year Ended June 30, 2013*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Technology enhancement millage	\$1,745,000	\$1,477,400	\$1,477,409	\$9
<b>Total Revenues</b>	<b>1,745,000</b>	<b>1,477,400</b>	<b>1,477,409</b>	<b>9</b>
<b>Expenditures</b>				
Salaries	331,617	291,160	283,067	8,093
Fringe benefits	178,895	159,350	144,504	14,846
Purchased services	303,000	341,000	319,149	21,851
Supplies	56,000	53,000	45,511	7,489
Capital outlay	313,000	275,260	92,471	182,789
Other	500	500	70	430
	1,183,012	1,120,270	884,772	235,498
Debt service	516,666	576,408	576,408	0
<b>Total Expenditures</b>	<b>1,699,678</b>	<b>1,696,678</b>	<b>1,461,180</b>	<b>235,498</b>
<b>Net Change in Fund Balance</b>	<b>45,322</b>	<b>(219,278)</b>	<b>16,229</b>	<b>235,507</b>
Fund Balance - Beginning of year	106,654	106,654	106,654	0
Fund Balance - End of year	<u>\$151,976</u>	<u>(\$112,624)</u>	<u>\$122,883</u>	<u>\$235,507</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2013*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Admissions	\$57,000	\$66,355	\$66,359	\$4
Participation fees	133,000	131,925	132,276	351
Donations	4,400	9,500	9,547	47
<b>Total Revenues</b>	<u>\$194,400</u>	<u>\$207,780</u>	<u>\$208,182</u>	<u>\$402</u>
<b>Expenditures</b>				
Salaries	\$268,400	\$282,000	\$283,403	(\$1,403)
Employee benefits	127,140	124,370	124,240	130
Purchased services	313,500	302,400	281,643	20,757
Supplies and materials	107,700	114,750	97,887	16,863
Capital outlay	2,500	1,500	383	1,117
Other	18,500	18,500	15,360	3,140
<b>Total Expenditures</b>	<u>\$837,740</u>	<u>\$843,520</u>	<u>\$802,916</u>	<u>\$40,604</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013*

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	111530-1011	\$1,694,936
Title I, Part A - Improving Basic Programs	121530-1112	1,716,515
Title I, Part A - Improving Basic Programs	131520-1213	1,962,863
		<u>5,374,314</u>
ARRA Title I, Part A	11535-1011	295,321
Title II, Part A - Teacher and Principal Training	120520-1112	455,771
Title II, Part A - Teacher and Principal Training	130520-1213	472,962
		<u>928,733</u>
Title III - Limited English	120580-1112	204,056
Title III - Limited English	130580-1213	168,602
		<u>372,658</u>
Education Jobs Fund	112545-1112	107,467
		<u>107,467</u>
Total Passed Through State Dept. of Education		7,078,493
Passed Through Intermediate School Districts:		
Perkins Vocational Education	103520-101225	68,866
Perkins Vocational Education	133520-131225	80,756
		<u>149,622</u>
Homeless Students' Assistance	122320-1112	16,020
Homeless Students' Assistance	132320-1213	16,020
		<u>32,040</u>
	4927.000	
Total Passed Through Intermediate School Districts		<u>181,662</u>
Total U.S. Department of Education		7,260,155

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2012	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2013
\$0	\$252,880	(\$3,031)	(\$3,031)	\$0
735,266	1,389,241	155,739	891,005	0
0	0	1,474,574	1,233,726	240,848
<u>735,266</u>	<u>1,642,121</u>	<u>1,627,282</u>	<u>2,121,700</u>	<u>240,848</u>
0	59,620	(21,281)	(21,281)	0
190,981	357,644	24,421	215,402	0
0	0	363,805	292,417	71,388
<u>190,981</u>	<u>357,644</u>	<u>388,226</u>	<u>507,819</u>	<u>71,388</u>
62,800	62,800	5,510	68,310	0
0	0	69,905	23,900	46,005
<u>62,800</u>	<u>62,800</u>	<u>75,415</u>	<u>92,210</u>	<u>46,005</u>
107,467	107,467	0	107,467	0
1,096,514	2,229,652	2,069,642	2,807,915	358,241
7,088	68,866	0	7,088	0
0	0	80,756	66,756	14,000
<u>7,088</u>	<u>68,866</u>	<u>80,756</u>	<u>73,844</u>	<u>14,000</u>
19,254	21,709	0	19,254	0
0	0	7,215	6,335	880
<u>19,254</u>	<u>21,709</u>	<u>7,215</u>	<u>25,589</u>	<u>880</u>
26,342	90,575	87,971	99,433	14,880
<u>\$1,122,856</u>	<u>\$2,320,227</u>	<u>2,157,613</u>	<u>\$2,907,348</u>	<u>\$373,121</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013*

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	\$4,906
Passed Through Southeast Michigan Community Alliance:		
Substance Abuse and Mental Health Services		
PA 2 - 11/12	93.959	83,380
- 12/13	93.959	83,380
		<u>166,760</u>
Total U.S. Dept. of Health and Human Services		171,666
<u>U.S. Department of Agriculture</u>		
Passed Through State Dept. of Education:		
National School Lunch Program		
121960 All Lunches	10.555	1,323,594
131960 All Lunches	10.555	1,199,214
12980 Snack	10.555	10,075
13980 Snack	10.555	11,524
		<u>2,544,407</u>
121970 Breakfast	10.553	367,561
131970 Breakfast	10.553	330,420
		<u>697,981</u>
		3,242,388
U.S.D.A. Donated Commodities Entitlements	10.555	<u>210,751</u>
Total Passed Through State Dept. of Agriculture		<u>3,453,139</u>
Total Federal Financial Assistance		<u><u>\$10,884,960</u></u>

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2012	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2013
\$0	\$7,769	4,906	\$4,906	\$0
16,285	63,010	10,676	26,961	0
0	0	50,374	48,753	1,621
<u>16,285</u>	<u>63,010</u>	<u>61,050</u>	<u>75,714</u>	<u>1,621</u>
<u>\$16,285</u>	<u>\$70,779</u>	65,956	<u>\$80,620</u>	<u>\$1,621</u>
\$21,032	\$1,187,293	136,301	\$157,333	\$0
0	0	1,199,214	1,171,024	28,190
182	8,399	1,494	1,676	0
0	0	11,524	11,246	278
<u>21,214</u>	<u>1,195,692</u>	<u>1,348,533</u>	<u>1,341,279</u>	<u>28,468</u>
9,979	329,884	37,677	47,656	0
0	0	330,420	318,274	12,146
<u>9,979</u>	<u>329,884</u>	<u>368,097</u>	<u>365,930</u>	<u>12,146</u>
31,193	1,525,576	1,716,630	1,707,209	40,614
0	0	210,751	210,751	0
<u>\$31,193</u>	<u>\$1,525,576</u>	<u>1,927,381</u>	<u>\$1,917,960</u>	<u>\$40,614</u>
		<u>\$4,150,950</u>		

**MONROE PUBLIC SCHOOLS**

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013*

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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		\$3,261
Bedford Public Schools		3,658
Chelsea School District		589
Dexter Community School District		20,176
Fowlerville Community Schools		3,732
Howell Public Schools		5,450
Ida Public School District		829
Manchester Community Schools		1,639
Willow Run Community Schools		14,427
		<u>\$53,761</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013*

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SUMMARY OF AUDIT RESULTS:

1. The auditors 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





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WOHLGAMUTH & CARLTON**  
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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, 2013, 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,

September 17, 2013



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

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David K. Hehl, CPA  
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September 17, 2013

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, 2013. 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 September 17, 2013. 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 2013, Monroe Public Schools implemented Governmental Accounting Standard Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board issued Statement Number 65, *Items Previously Reported as Assets and Liabilities*. 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.

To the Board of Directors  
Monroe Public Schools

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*Qualitative Aspects of Accounting Practices (concluded)*

*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 17, 2013.

*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 Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, 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.

To the Board of Directors  
Monroe Public Schools

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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 Wolgamuth & Carlton*