

MONROE PUBLIC SCHOOLS
Monroe, Michigan

ANNUAL FINANCIAL REPORT
June 30, 2014

MONROE PUBLIC SCHOOLS

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

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

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

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

Independent Auditor's Report

Board of Education
Monroe Public Schools
Monroe, Michigan 48162

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools, as of and for the year ended June 30, 2014, 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, 2014, 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 36 through 41 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.

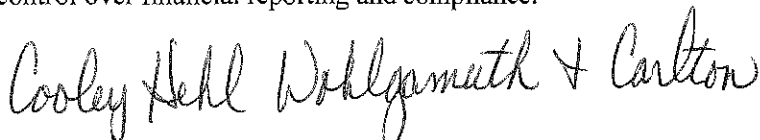
Other information

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 29, 2014, 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 29, 2014



COOLEY HEHL
WOHLGAMUTH & CARLTON
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James R. Cooley, CPA
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Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

Board of Education
Monroe Public Schools
Monroe, Michigan 48162

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools, as of and for the year ended June 30, 2014, 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 29, 2014.

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 opinion 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 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 29, 2014



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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, 2014. 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, 2014.

Report on 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.

Coolley Hehl Wollgamuth & Carlton

September 29, 2014

MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2014*

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, 2014. 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, 2014*

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, 2014*

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, 2014 and 2013:

Table 1

Condensed Statement of Net Position
(Reported, in millions)

	Governmental Activities	
	2014	2013
Current and other assets	\$16.6	\$18.0
Capital assets	20.4	19.5
Total Assets	37.0	37.5
Current and other liabilities	9.5	10.3
Long-term liabilities	5.1	4.0
Total Liabilities	14.6	14.3
Net Position		
Net investment in capital assets	18.2	18.1
Restricted for technology enhancement	0.2	0.1
Restricted for capital projects	3.2	3.4
Restricted for food service	1.1	1.0
Unrestricted	(0.3)	0.6
Total Net Position	\$22.4	\$23.2

As depicted in Table 1, the School District's net position was \$22.4 million at June 30, 2014. Of this amount, there was a negative unrestricted net position of \$0.3 million. 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, 2014.

MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2014*

District-Wide Financial Analysis - Concluded

Table 2

Condensed Statement of Activities
(in millions)

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues:		
Charges for services	\$1.6	\$1.6
Federal grants	3.9	4.2
State and local revenue	<u>7.9</u>	<u>7.8</u>
	13.4	13.6
General revenues:		
Property taxes	18.9	18.4
State foundation allowance	25.6	26.9
Other general revenues	<u>0.2</u>	<u>0.1</u>
	<u>44.7</u>	<u>45.4</u>
 Total Revenues	 58.1	 59.0
 Functions/Program Expenses		
Instruction	31.8	32.1
Support services	22.2	21.4
Community services	0.7	0.6
Food services	2.6	2.7
Interest on long-term debt	0.1	0.1
Depreciation	<u>1.6</u>	<u>1.5</u>
 Total Expenses	 <u>59.0</u>	 <u>58.4</u>
 Increase (Decrease) in Net Position	 <u><u>(\$0.9)</u></u>	 <u><u>\$0.6</u></u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$59.0 million. Of this amount, \$13.4 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 a decrease in net position of \$0.9 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, 2014*

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 \$7,524,910, which is a decrease of \$1,101,165 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>
Fund balances - Beginning of year	\$4,232,197	\$3,404,867	\$989,011	\$8,626,075
Increase (decrease)	<u>(992,784)</u>	<u>(183,740)</u>	<u>75,359</u>	<u>(1,101,165)</u>
Fund balances – End of year	<u><u>\$3,239,413</u></u>	<u><u>\$3,221,127</u></u>	<u><u>\$1,064,370</u></u>	<u><u>\$7,524,910</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, 2014</u>	<u>June 30, 2013</u>	<u>Percent Change</u>
Revenues			
Local sources	\$16,731,895	\$16,342,665	2.4%
State sources	31,421,185	32,519,390	(3.4)%
Federal sources	2,036,355	2,223,569	(8.4)%
Interdistrict and other sources	3,537,269	3,502,098	1.0%
Other financing sources	<u>1,800,889</u>	<u>265,000</u>	579.6%
	<u><u>\$55,527,593</u></u>	<u><u>\$54,852,722</u></u>	1.2%

There is an 8.4% decrease in Federal sources from 2013 to 2014. This decrease is attributed to decreases in federal grant funds of \$187,214. There is a 579.6% increase in other financing sources from 2013 to 2014. This increase of \$1,535,889 is attributed to technology equipment and vehicle financing for 2014. On the following page, the table reflects a decrease of 40.5% in interdistrict and other uses which is due to a decrease in Title III grant funds requested by other school districts in 2014. Monroe Public Schools serves as the fiscal agent for this grant. There is also a 15.5% increase in debt from 2013 to 2014 due to an increase in capital lease payments.

MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2014*

Fund Financial Analysis – Concluded

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percent Change</u>
Expenditures			
Instruction	\$31,856,117	\$32,155,792	(0.9)%
Support services	22,060,074	20,000,045	10.3%
Community services	721,769	580,108	24.4%
Athletics	726,343	707,212	2.7%
Interdistrict and other uses	32,009	53,762	(40.5)%
Prior period adjustments	10,292	0	100.0%
Debt service	1,113,773	964,077	15.5 %
	<u>\$56,520,377</u>	<u>\$54,460,996</u>	3.8%

General Fund Budgetary Highlights

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

General Fund Original Budget versus Final Budget

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Original versus Final Budget Variance</u>
Revenues	\$54,126,132	\$56,423,377	4.2%
Expenditures	\$56,286,184	\$58,764,355	4.4%

Revisions to the General Fund original budget were as follows:

Revenues – The original budget for revenues was \$54.1 million versus the final budget of \$56.4 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 MPSERS UAAL funding, proceeds from a capital lease, and loan proceeds.

MONROE PUBLIC SCHOOLS

Management's Discussion and Analysis Year Ended June 30, 2014

General Fund Budgetary Highlights - Concluded

Expenditures – The original budget for expenditures and transfers out was \$56.3 million compared to the final budget of \$58.8 million. This increase is approximately \$2.5 million or 4.4%. There were various reasons for this increase.

- The significant adjustments were a result of MPSERS UAAL payments, contract changes, and capital lease payments.

General Fund Final Budget versus Actual

	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget versus Actual Variance</u>
Revenues	\$56,423,377	\$55,527,593	(1.6)%
Expenditures	\$58,764,355	\$56,520,377	3.8 %

Final Budget versus Actual Figures

- Revenue – The final revenue budget was estimated at \$56.4 million. The General Fund actual revenue as of June 30, 2014, was \$55.5 million. The variance between the final amended budget and actual revenue received was due to unspent grant funds at June 30, 2014. Most of the federal grants have a September 30, 2014 ending date. Therefore, the balance can be spent in the following fiscal year.
- Expenditures – The final budgeted expenditures and operating transfers out were \$58.8 million. The actual expenditures and operating transfers out were \$56.5 million. Expenditure variances were primarily attributed to not fully expending various grant and technology millage funds. These funds will be carried forward to the 2014-2015 fiscal year. Additional budget balances were due to mid-year cost saving reductions in spending for supplies.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the School District had \$50.7 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 \$1.6 million from last year. This year's additions of \$2.4 million included land improvements, building and building improvements, equipment, and food service equipment. Depreciation for this year totaled \$1,592,753. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2014, the School District had \$0.8 million in outstanding notes payable. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations include accrued vacation, sick, and termination pay of \$3.3 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, 2014*

Development of the 2014-2015 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2014-2015 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 2014 and 10 percent of the February 2015 student counts. The 2014-2015 budget was adopted in June 2014. Based on early enrollment data at the start of the 2014-2015 school year, we anticipate that the fall student count will be more than the estimates used in creating the 2014-2015 budget.

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

Contacting Monroe Public Schools Business Office

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

MONROE PUBLIC SCHOOLS

Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	\$9,921,916
Accounts/taxes receivable	64,821
Due from other governmental units	6,423,610
Inventories	19,080
Deposits	74,600
Prepays	62,648
Capital assets less accumulated depreciation	20,386,467
	<hr/>
Total Assets	36,953,142
Liabilities	
Accounts payable	1,354,774
Note payable	1,190,325
Salaries payable	3,440,751
Other liabilities	1,747,433
Accrued interest payable	65,958
Unearned revenue	849,096
Due to other governmental units	459,386
Long-term liabilities:	
Due within one year	364,429
Due in more than one year	5,082,589
	<hr/>
Total Liabilities	14,554,741
Net Position	
Net investment in capital assets	18,208,216
Restricted for technology enhancement	196,178
Restricted for capital projects	3,226,028
Restricted for food service	1,059,469
Unrestricted	(291,490)
	<hr/>
Total Net Position	\$22,398,401

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

*Statement of Activities
Year Ended June 30, 2014*

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs	<u>Expenses</u>			
Governmental Activities:				
Instruction and instructional support	\$31,783,941	\$49,410	\$4,896,940	(\$26,837,591)
Support services	22,198,095	200,101	4,933,555	(17,064,439)
Community services	721,769	551,516	63,985	(106,268)
Food services	2,637,360	755,992	1,986,144	104,776
Interdistrict and other	32,009	0	0	(32,009)
Interest on long-term debt	101,183	0	3,695	(97,488)
Depreciation (unallocated)	1,592,753	0	0	(1,592,753)
Total Governmental Activities	<u>\$59,067,110</u>	<u>\$1,557,019</u>	<u>\$11,884,319</u>	(45,625,772)
 General Revenues:				
Taxes:				
Property taxes, levied for general operations				15,673,633
Property taxes, levied for technology				1,544,459
Property taxes, levied for sinking fund				1,709,513
State of Michigan aid, unrestricted				25,598,428
Interest income				20,127
Other				201,239
				<u>44,747,399</u>
				 (878,373)
				<u>23,276,774</u>
				<u>\$22,398,401</u>

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

*Governmental Funds
Balance Sheet
June 30, 2014*

	General	Sinking Fund	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$5,244,198	\$3,550,897	\$1,126,821	\$9,921,916
Receivables:				
Accounts	52,275	6,584	5,962	64,821
Due from other governmental units	6,298,649	423	124,538	6,423,610
Inventory	19,080	0	0	19,080
Deposits	74,600	0	0	74,600
Prepaid expenditures	62,648	0	0	62,648
Total Assets	\$11,751,450	\$3,557,904	\$1,257,321	\$16,566,675
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$841,752	\$336,777	\$176,245	\$1,354,774
Note payable	1,190,325	0	0	1,190,325
Salaries payable	3,439,188	0	1,563	3,440,751
Due to other governmental units	458,555	0	831	459,386
Other liabilities	1,747,082	0	351	1,747,433
Unearned revenue	835,135	0	13,961	849,096
Total Liabilities	8,512,037	336,777	192,951	9,041,765
Fund Balances				
Nonspendable:				
Inventory	19,080	0	0	19,080
Prepaid expenditures	62,648	0	0	62,648
Restricted for:				
Technology enhancement	196,178	0	0	196,178
Capital projects	0	3,221,127	0	3,221,127
Assigned to:				
Termination pay	248,994	0	0	248,994
Food service	0	0	1,059,469	1,059,469
Capital projects	0	0	4,901	4,901
Unassigned	2,712,513	0	0	2,712,513
Total Fund Balances	3,239,413	3,221,127	1,064,370	7,524,910
Total Liabilities and Fund Balances	\$11,751,450	\$3,557,904	\$1,257,321	\$16,566,675

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, 2014

Total Fund Balances - Governmental Funds		\$7,524,910
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	\$50,690,111	
Accumulated depreciation	<u>(30,303,644)</u>	20,386,467
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:		
Accrued interest	(65,958)	
Notes payable	(801,589)	
Capital leases	(1,376,662)	
Compensated absences	<u>(3,268,767)</u>	<u>(5,512,976)</u>
Total Net Position - Governmental Activities		<u>\$22,398,401</u>

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2014*

	General	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$16,731,895	\$1,715,619	\$763,543	\$19,211,057
State sources	31,421,185	0	92,859	31,514,044
Federal sources	2,036,355	0	1,886,317	3,922,672
Interdistrict and other sources	3,537,269	0	0	3,537,269
Total Revenues	53,726,704	1,715,619	2,742,719	58,185,042
Expenditures				
Instruction	31,856,117	0	0	31,856,117
Support services	22,060,074	0	2,637,360	24,697,434
Community services	721,769	0	0	721,769
Athletics	726,343	0	0	726,343
Interdistrict and other uses	32,009	0	0	32,009
Prior period adjustments	10,292	0	0	10,292
Debt service	1,113,773	0	148,695	1,262,468
Capital outlay	0	1,899,359	0	1,899,359
Total Expenditures	56,520,377	1,899,359	2,786,055	61,205,791
Excess (Deficiency) of Revenue Over Expenditures	(2,793,673)	(183,740)	(43,336)	(3,020,749)
Other Financing Sources (Uses)				
Proceeds from loan/lease	1,770,889	0	0	1,770,889
Transfer from Mason Consolidated	0	0	148,695	148,695
Operating transfers in	30,000	0	0	30,000
Operating transfers out	0	0	(30,000)	(30,000)
Total Other Financing Sources (Uses)	1,800,889	0	118,695	1,919,584
Net Change in Fund Balances	(992,784)	(183,740)	75,359	(1,101,165)
Fund Balances - Beginning of year	4,232,197	3,404,867	989,011	8,626,075
Fund Balances - End of year	\$3,239,413	\$3,221,127	\$1,064,370	\$7,524,910

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, 2014*

Net Change in Fund Balances - Total Governmental Funds		(\$1,101,165)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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	(\$1,592,753)	
Capital outlay	<u>2,446,912</u>	854,159
<p>Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.</p>		
		(7,281)
<p>Repayments of principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).</p>		
		1,198,430
<p>Other financing source for bond principal and interest is reported in the governmental funds, but not in the statement of activities.</p>		
		(145,000)
<p>Decreases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.</p>		
		108,168
<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>		
		(14,795)
<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>(1,770,889)</u>
		<u><u>(\$878,373)</u></u>

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

*Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014*

	<u>Agency Fund</u>	<u>Private-Purpose Trusts</u>	
	<u>Student Activities</u>	<u>Scholarships and Other</u>	<u>Total</u>
Assets			
Cash	\$303,038	\$510,950	\$813,988
Receivables:			
Loans	<u>0</u>	<u>780</u>	<u>780</u>
 Total Assets	 <u>\$303,038</u>	 <u>\$511,730</u>	 <u>\$814,768</u>
 Liabilities and Net Position			
Due to student groups	\$303,038	\$0	\$303,038
 Net Position			
Reserved for loans receivable	0	780	780
Nonexpendable endowments	0	266,980	266,980
Expendable endowments	<u>0</u>	<u>243,970</u>	<u>243,970</u>
 Total Net Position	 <u>0</u>	 <u>511,730</u>	 <u>511,730</u>
 Total Liabilities and Net Position	 <u>\$303,038</u>	 <u>\$511,730</u>	 <u>\$814,768</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, 2014

	<u>Scholarships and Other</u>
Additions	
Private donations	\$25,165
Interest income	<u>3,757</u>
Total Additions	28,922
Deductions	
Scholarships/other	<u>166,871</u>
Change in Net Position	(137,949)
Net Position - Beginning of year	<u>649,679</u>
Net Position - End of year	<u><u>\$511,730</u></u>

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2014

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, 2014

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, 2014

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, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

MONROE PUBLIC SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2014

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.

Unavailable/Unearned Revenue - Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned.

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

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2014*

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. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.
- E. 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.
- F. 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 2014.
- G. 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.

MONROE PUBLIC SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2014

Note 2 Summary of Significant Accounting Policies (Concluded)

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.

- H. Restricted Assets - The cash and investments for food service, capital projects, and technology enhancement are restricted for the specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent the cash that can only be used for the purpose for which the revenue was received.
- I. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2014 through September 29, 2014, the date the financial statements were available to be issued.

Note 3 Stewardship, Accountability and Compliance

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

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

During the year ended June 30, 2014, the School incurred expenditures in certain budgetary function which were in excess of the amounts appropriated. There were no deficit fund balances for any of the School's funds required to be budgeted.

Note 4 Deposits and Investments

As of June 30, 2014, 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, 2014, the School District does not place any limits on the amount the School District may deposit or invest in any one issuer.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$12,933,221 invested in certificates of deposit, checking accounts, and money markets.

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2014*

Note 4 Deposits and Investments

Custodial credit risk - deposits.(Concluded) The School District's deposits are insured by the FDIC in the amount of \$1,225,286. Uninsured deposits are \$11,707,935.

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, 2014. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the School District will do business.

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

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Assets not being depreciated:				
Land	\$613,940	\$0	\$0	\$613,940
Construction in progress	620,299	405,115	620,299	405,115
	<u>1,234,239</u>	<u>405,115</u>	<u>620,299</u>	<u>1,019,055</u>
Capital assets being depreciated:				
Land improvements	5,157,515	826,238	269,000	5,714,753
Buildings and building improvements	32,615,019	1,000,247	0	33,615,266
Machinery and equipment	5,619,540	142,075	0	5,761,615
Vehicles	4,459,045	693,536	573,159	4,579,422
	<u>47,851,119</u>	<u>2,662,096</u>	<u>842,159</u>	<u>49,671,056</u>
Total capital assets	49,085,358	3,067,211	1,462,458	50,690,111
Less accumulated depreciation:				
Land improvements	(2,979,366)	(159,592)	(254,205)	(2,884,753)
Buildings and building improvements	(19,084,693)	(768,445)	0	(19,853,138)
Machinery and equipment	(3,859,024)	(416,428)	0	(4,275,452)
Vehicles	(3,615,172)	(248,288)	(573,159)	(3,290,301)
	<u>(29,538,255)</u>	<u>(1,592,753)</u>	<u>(827,364)</u>	<u>(30,303,644)</u>
Total accumulated depreciation	(29,538,255)	(1,592,753)	(827,364)	(30,303,644)
Net capital assets	<u>\$19,547,103</u>	<u>\$1,474,458</u>	<u>\$635,094</u>	<u>\$20,386,467</u>

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

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2014*

Note 6 Interfund Transfers
Interfund transfers at June 30, 2014, consisted of the following:

		TRANSFERS OUT
		<u>Food Service</u>
TRANSFERS IN	General Fund	<u>\$30,000</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 (MPSERS), 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 MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at P.O. Box 30171, Lansing, MI 48909-7671 or online at www.michigan.gov/documents/orsschools/CAFR.

B. Funding Policy

Employer contributions to the MPSERS 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. For the period from July 1, 2013 through September 30, 2013, employees could transition to a defined contribution plan (DC) and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF) depending upon their date of hire and retirement plan election. Employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP						
	Basic MIP	Pension Plus	Pension Plus PHF	Pension Plus to DC with PHF	DB to DC with DB Health	DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
Defined contribution plan employer contributions:							
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Healthcare Fund	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2014*

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

B. Funding Policy (Concluded)

For the period from October 1, 2013 through June 30, 2014, employees could transition to a defined contribution plan (DC) and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF) depending upon their date of hire and retirement plan election. Employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP						
	Basic	Pension	Pension	Pension Plus	DB to DC	DB to DC	Basic MIP
	MIP	Plus	Plus PHF	to DC with PHF	with DB Health	with PHF	with PHF
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
Defined contribution plan employer contributions:							
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Healthcare Fund	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

Depending on the plan selected, plan member contributions range from 0% up to 7.0% of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School's required and actual contributions to the MPSERS pension plan for the years ended June 30, 2014, 2013, and 2012 were \$6,456,797, \$6,806,630, and \$6,679,345, 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, 2014*

Note 9 Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
General Obligation Bonds:					
2001 Limited Tax School					
Building and Site Bonds	\$145,000	\$ -	\$145,000	\$-	\$-
Notes Payable:					
Fifth Third Leasing Co.					
Telecommunication System	211,330	-	103,277	108,053	108,053
Fifth Third Bank					
Ten buses	256,276	-	256,276	-	-
Fifth Third Bank					
Fourteen vehicles	<u> -</u>	<u>693,536</u>	<u> -</u>	<u>693,536</u>	<u>227,157</u>
	467,606	693,536	359,553	801,589	335,210
Other Liabilities:					
Compensated absences	<u>3,376,935</u>	<u>342,484</u>	<u>450,652</u>	<u>3,268,767</u>	<u>29,219</u>
	<u>\$3,989,541</u>	<u>\$1,036,020</u>	<u>\$955,205</u>	<u>\$4,070,356</u>	<u>\$364,429</u>

Balance
June 30, 2014

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.

\$108,053

Fifth Third Bank Vehicle Note: Term note, payable \$239,363 annually, beginning November 1, 2014, including interest at 1.76% due November 1, 2016, secured by vehicles.

693,536

Total Notes Payable

\$801,589

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

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2014*

Note 9 Long-Term Debt (Concluded)

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>
2015	\$335,210	\$17,204	\$352,414
2016	231,155	8,208	239,363
2017	<u>235,224</u>	<u>4,140</u>	<u>239,364</u>
	<u>\$801,589</u>	<u>\$29,552</u>	<u>\$831,141</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>
2015	\$738,970
2016	<u>738,969</u>
	1,477,939
Less: amount representing interest	<u>101,277</u>
Present value of future minimum lease payments	<u>\$1,376,662</u>
Cost of equipment	<u>\$2,905,606</u>

Operating Lease

The School District entered into an operating lease with University Office Technologies for the use of copiers. The lease term is sixty (60) months, ending June 30, 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.

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>
2015	\$14,962
2016	14,962
2017	<u>11,221</u>
	<u>\$41,145</u>

MONROE PUBLIC SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2014

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 2013 property taxes were levied on December 1, 2013 on assessed valuations as of December 31, 2012. Taxes were collected beginning December 1, 2013 and payments were due by February 14, 2014. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2013 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$875,377,018	18.0000	\$15,756,786
Commercial Personal Property	57,193,372	6.0000	343,160
Sinking Fund	1,709,832,174	1.0000	<u>1,709,832</u>
Total			<u>\$17,809,778</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, 2014, the School District incurred claims of \$17,410.

Note 13 Cafeteria Contract

During the fiscal year ended June 30, 2014, 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, 2014, the School District entered into a short-term financing arrangement. This arrangement was for a state aid anticipation note, secured against the state aid fund allowance, through the Michigan Municipal Bond Authority.

Short-term debt activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2014</u>
State aid anticipation note	<u>\$1,394,285</u>	<u>\$8,500,000</u>	<u>\$8,703,960</u>	<u>\$1,190,325</u>

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

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2014*

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, 2014.

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.

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, 2014*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local sources	\$16,402,860	\$16,654,375	\$16,731,895	\$77,520
State sources	30,986,415	31,651,495	31,421,185	(230,310)
Federal sources	3,042,168	2,800,993	2,036,355	(764,638)
Interdistrict and other sources	3,424,689	3,465,825	3,487,413	21,588
Total Revenues	53,856,132	54,572,688	53,676,848	(895,840)
Expenditures				
Instruction:				
Basic programs	26,085,239	26,359,920	25,834,744	525,176
Added needs	6,236,701	6,184,470	6,021,373	163,097
Support services:				
Pupil	2,401,476	2,493,714	2,462,771	30,943
Instructional staff	2,701,894	2,696,876	2,390,310	306,566
General administration	636,850	576,810	538,998	37,812
School administration	3,005,800	3,149,550	3,001,114	148,436
Business administration	855,990	806,802	779,662	27,140
Operation and maintenance	5,763,820	6,002,706	5,796,378	206,328
Pupil transportation	3,606,414	4,144,526	4,034,744	109,782
Central services	2,426,280	3,451,098	3,056,097	395,001
Athletics	733,990	765,135	726,343	38,792
Community services	772,855	913,232	721,769	191,463
Interdistrict and other uses	143,402	95,233	32,009	63,224
Prior period adjustments	0	10,500	10,292	208
Debt service:				
Principal retirement	816,038	1,023,568	1,023,566	2
Interest and fiscal charges	99,435	90,215	90,207	8
Total Expenditures	56,286,184	58,764,355	56,520,377	2,243,978
Excess (Deficiency) of Revenue Over Expenditures	(2,430,052)	(4,191,667)	(2,843,529)	1,348,138
Other Financing Sources (Uses)				
Proceeds from capital lease	230,000	1,077,353	1,077,353	0
Proceeds from loan	0	693,536	693,536	0
Proceeds from sale of capital assets	0	49,800	49,856	56
Operating transfers in	40,000	30,000	30,000	0
Total Other Financing Sources (Uses)	270,000	1,850,689	1,850,745	56
Net Change in Fund Balances	(2,160,052)	(2,340,978)	(992,784)	1,348,194
Fund Balances - Beginning of year	2,690,516	4,232,197	4,232,197	0
Fund Balances - End of year	\$530,464	\$1,891,219	\$3,239,413	\$1,348,194

MONROE PUBLIC SCHOOLS

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2014*

	Final Budget	Actual	Positive (Negative) Budget
Local Sources			
Property taxes	\$15,621,360	\$15,666,698	\$45,338
Tuition	9,900	9,900	0
Transportation fees	14,000	16,311	2,311
Interest income	13,400	13,039	(361)
Child care	254,600	266,227	11,627
Rental income	150,000	154,854	4,854
Community activities	127,700	130,435	2,735
Athletics	200,860	196,650	(4,210)
Other revenue	262,555	277,781	15,226
Total Local Sources	<u>16,654,375</u>	<u>16,731,895</u>	<u>77,520</u>
State Sources			
Unrestricted grants:			
Foundation	25,095,185	25,095,188	3
Best practices	309,330	325,007	15,677
Performance based learning	178,240	178,233	(7)
Restricted grants:			
At Risk	1,380,065	1,365,042	(15,023)
Special education	1,837,990	1,837,990	0
Headlee obligation	147,185	147,187	2
MPSERS offset	370,790	370,787	(3)
MPSERS UAAL	1,367,010	1,364,944	(2,066)
Technology Infrastructure	206,790	61,400	(145,390)
Other state grants	82,615	82,339	(276)
Transfer from intermediate school district:			
Great Start Readiness Preschool	527,500	484,848	(42,652)
Vocational education added costs	148,795	108,220	(40,575)
Total State Sources	<u>31,651,495</u>	<u>31,421,185</u>	<u>(230,310)</u>
Federal Sources			
Title I	2,007,592	1,475,333	(532,259)
Title II Improving teacher quality	493,371	354,704	(138,667)
Title III Limited english	137,321	45,075	(92,246)
SEMCA	83,380	81,961	(1,419)
Transfer from intermediate school district:			
Medicaid outreach	10,000	9,953	(47)
Perkins	69,329	69,329	0
Total Federal Sources	<u>2,800,993</u>	<u>2,036,355</u>	<u>(764,638)</u>
Interdistrict and Other Sources			
Transfer from intermediate school districts:			
County special education tax	1,818,715	1,818,715	0
Technology enhancement millage	1,540,000	1,544,459	4,459
CTE Director	47,800	49,671	1,871
Tuition from other schools	39,510	39,510	0
Adult education	19,500	34,755	15,255
Prior period adjustments	300	303	3
Proceeds from capital lease	1,077,353	1,077,353	0
Proceeds from loan	693,536	693,536	0
Proceeds from sale of capital assets	49,800	49,856	56
Transfer from food service	30,000	30,000	0
Total Interdistrict and Other Sources	<u>5,316,514</u>	<u>5,338,158</u>	<u>21,644</u>
Total Revenues	<u><u>\$56,423,377</u></u>	<u><u>\$55,527,593</u></u>	<u><u>(\$895,784)</u></u>

MONROE PUBLIC SCHOOLS

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2014*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Instruction			
Basic Programs:			
Elementary	\$7,839,935	\$4,978,830	\$311,409
Middle School	2,312,564	1,274,509	76,924
High School	3,504,578	2,151,924	290,147
Pre-School	307,313	184,293	37,498
Summer School	53,194	21,046	0
	<u>14,017,584</u>	<u>8,610,602</u>	<u>715,978</u>
Added Needs:			
Special education	2,202,782	1,136,840	29,221
Compensatory education	651,500	313,602	183,275
Vocational education	791,272	478,942	13,948
Adult/Continuing education	18,240	7,329	0
	<u>3,663,794</u>	<u>1,936,713</u>	<u>226,444</u>
Total Instruction	17,681,378	10,547,315	942,422
Support Services			
Pupil:			
Truancy	13,500	1,686	0
Guidance	732,117	372,621	70
Health	0	0	65,630
Speech	419,835	270,371	0
Social work services	123,417	66,030	14,115
Teacher consultants	137,056	79,185	0
Other pupil services	79,201	29,973	36,360
	<u>1,505,126</u>	<u>819,866</u>	<u>116,175</u>
Instructional Staff:			
Improvement of instruction	638,545	392,744	267,903
Educational media services	26,000	3,380	0
Instruction related technology	0	0	16,500
Supervision and direction	377,477	241,859	73,651
Academic student assessment	0	0	19,754
	<u>1,042,022</u>	<u>637,983</u>	<u>377,808</u>
General Administration:			
Board of Education	10,320	1,549	197,532
Executive administration	207,361	99,403	5,931
	<u>217,681</u>	<u>100,952</u>	<u>203,463</u>
School Administration:			
Office of the principal	1,774,833	1,087,085	64,282
Other school administration	0	0	0
	<u>1,774,833</u>	<u>1,087,085</u>	<u>64,282</u>
Business Administration:			
Fiscal services	287,965	167,355	24,674
Internal services	68,451	37,753	121
Other business services	0	0	34,099
	<u>356,416</u>	<u>205,108</u>	<u>58,894</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$399,738	\$460,199	\$8,655	\$13,998,766	\$14,174,977	\$176,211
64,476	10,523	915	3,739,911	3,761,103	21,192
116,368	17,102	1,400,773	7,480,892	7,645,263	164,371
4,635	4,629	350	538,718	572,107	33,389
2,217	0	0	76,457	206,470	130,013
587,434	492,453	1,410,693	25,834,744	26,359,920	525,176
1,198	5,033	0	3,375,074	3,380,100	5,026
28,273	0	0	1,176,650	1,315,746	139,096
132,999	11,818	12,448	1,441,427	1,462,174	20,747
0	2,653	0	28,222	26,450	(1,772)
162,470	19,504	12,448	6,021,373	6,184,470	163,097
749,904	511,957	1,423,141	31,856,117	32,544,390	688,273
0	0	0	15,186	15,040	(146)
5,099	0	0	1,109,907	1,120,159	10,252
165	0	12,458	78,253	80,500	2,247
3,882	0	0	694,088	696,860	2,772
0	0	0	203,562	205,495	1,933
0	0	0	216,241	224,510	8,269
0	0	0	145,534	151,150	5,616
9,146	0	12,458	2,462,771	2,493,714	30,943
21,146	0	0	1,320,338	1,562,478	242,140
6,092	0	0	35,472	38,150	2,678
280,344	0	16,358	313,202	325,113	11,911
6,158	0	1,990	701,135	749,635	48,500
409	0	0	20,163	21,500	1,337
314,149	0	18,348	2,390,310	2,696,876	306,566
25	630	14,472	224,528	260,050	35,522
873	0	902	314,470	316,760	2,290
898	630	15,374	538,998	576,810	37,812
9,578	14,044	50,912	3,000,734	3,147,400	146,666
380	0	0	380	2,150	1,770
9,958	14,044	50,912	3,001,114	3,149,550	148,436
2,266	668	19,435	502,363	517,287	14,924
85,860	154	0	192,339	204,530	12,191
0	0	50,861	84,960	84,985	25
88,126	822	70,296	779,662	806,802	27,140

MONROE PUBLIC SCHOOLS

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2014*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Support Services (Concluded)			
Operating Buildings Services:			
Operation and maintenance	\$1,557,198	\$1,107,896	\$962,716
Security services	0	0	568,133
	<u>1,557,198</u>	<u>1,107,896</u>	<u>1,530,849</u>
 Pupil transportation	1,328,852	1,102,811	706,027
 Central Services:			
Plan, research, develop & evaluation	45,304	14,696	0
Communication services	0	0	85,136
Staff/Personnel services	213,949	133,097	94,584
Technology	312,339	173,813	307,860
Pupil accounting	42,521	32,086	172
	<u>614,113</u>	<u>353,692</u>	<u>487,752</u>
 Athletics	<u>252,170</u>	<u>128,490</u>	<u>228,712</u>
 Total Support Services	8,648,411	5,543,883	3,773,962
 Community Services			
Community recreation	69,001	29,806	52,855
Community activities	3,050	418	0
Custody and care of children	113,000	100,834	91,107
Non-Public school pupils	128,410	74,337	18,990
	<u>313,461</u>	<u>205,395</u>	<u>162,952</u>
 Interdistrict and Other Uses			
Other	0	0	0
 Prior Period Adjustments	0	0	0
 Debt Service			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
 Total Debt Service	0	0	0
 Total Expenditures	<u>\$26,643,250</u>	<u>\$16,296,593</u>	<u>\$4,879,336</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$1,369,625	\$193,007	\$3,290	\$5,193,732	\$5,398,106	\$204,374
9,674	24,839	0	602,646	604,600	1,954
1,379,299	217,846	3,290	5,796,378	6,002,706	206,328
384,673	511,090	1,291	4,034,744	4,144,526	109,782
0	0	0	60,000	62,050	2,050
0	0	1,364	86,500	87,200	700
571	2,560	1,726	446,487	495,588	49,101
41,508	1,510,683	41,715	2,387,918	2,729,215	341,297
284	0	129	75,192	77,045	1,853
42,363	1,513,243	44,934	3,056,097	3,451,098	395,001
74,709	18,187	24,075	726,343	765,135	38,792
2,303,321	2,275,862	240,978	22,786,417	24,087,217	1,300,800
7,074	0	0	158,736	171,050	12,314
20,029	0	0	23,497	45,076	21,579
5,350	327	0	310,618	337,350	26,732
7,181	0	0	228,918	359,756	130,838
39,634	327	0	721,769	913,232	191,463
0	0	32,009	32,009	95,233	63,224
0	0	10,292	10,292	10,500	208
0	0	1,023,566	1,023,566	1,023,568	2
0	0	90,207	90,207	90,215	8
0	0	1,113,773	1,113,773	1,113,783	10
\$3,092,859	\$2,788,146	\$2,809,901	\$56,520,377	\$58,764,355	\$2,243,978

MONROE PUBLIC SCHOOLS

*Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Property taxes	\$1,700,770	\$1,700,170	\$1,709,513	\$9,343
Interest income	7,600	5,650	6,106	456
Total Revenues	<u>1,708,370</u>	<u>1,705,820</u>	<u>1,715,619</u>	<u>9,799</u>
Expenditures				
Purchased services:				
Other services	212,000	221,300	224,427	(3,127)
Capital outlay:				
Building improvements	<u>2,040,000</u>	<u>2,080,000</u>	<u>1,674,932</u>	<u>405,068</u>
Total Expenditures	<u>2,252,000</u>	<u>2,301,300</u>	<u>1,899,359</u>	<u>401,941</u>
Net Change in Fund Balance	(543,630)	(595,480)	(183,740)	411,740
Fund Balance - Beginning of year	<u>3,109,277</u>	<u>3,404,867</u>	<u>3,404,867</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$2,565,647</u></u>	<u><u>\$2,809,387</u></u>	<u><u>\$3,221,127</u></u>	<u><u>\$411,740</u></u>

MONROE PUBLIC SCHOOLS

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014*

	<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>
Assets				
Cash and cash equivalents	\$1,121,920	\$0	\$4,901	\$1,126,821
Accounts receivable	5,962	0	0	5,962
Due from other governmental units	124,538	0	0	124,538
Total Assets	\$1,252,420	\$0	\$4,901	\$1,257,321
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$176,245	\$0	\$0	\$176,245
Salaries payable	1,563	0	0	1,563
Due to other governmental units	831	0	0	831
Other liabilities	351	0	0	351
Unearned revenue	13,961	0	0	13,961
Total Liabilities	192,951	0	0	192,951
Fund Balances				
Assigned to:				
Food service	1,059,469	0	0	1,059,469
Capital projects	0	0	4,901	4,901
Total Fund Balances	1,059,469	0	4,901	1,064,370
Total Liabilities and Fund Balances	\$1,252,420	\$0	\$4,901	\$1,257,321

MONROE PUBLIC SCHOOLS

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2014*

	<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>
Revenues				
Local sources	\$763,531	\$0	\$12	\$763,543
State sources	92,859	0	0	92,859
Federal sources	1,886,317	0	0	1,886,317
Total Revenues	<u>2,742,707</u>	<u>0</u>	<u>12</u>	<u>2,742,719</u>
Expenditures				
Food service	2,637,360	0	0	2,637,360
Debt service	0	148,695	0	148,695
Total Expenditures	<u>2,637,360</u>	<u>148,695</u>	<u>0</u>	<u>2,786,055</u>
Excess (Deficiency) of Revenues Over Expenditures	105,347	(148,695)	12	(43,336)
Other Financing Sources (Uses)				
Transfer from Mason Consolidated	0	148,695	0	148,695
Operating transfers out	(30,000)	0	0	(30,000)
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>148,695</u>	<u>0</u>	<u>118,695</u>
Net Change in Fund Balances	75,347	0	12	75,359
Fund Balances - Beginning of year	984,122	0	4,889	989,011
Fund Balances - End of year	<u>\$1,059,469</u>	<u>\$0</u>	<u>\$4,901</u>	<u>\$1,064,370</u>

MONROE PUBLIC SCHOOLS

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$721,181	\$729,300	\$755,992	\$26,692
Interest income	800	850	970	120
Other	5,000	6,200	6,569	369
Total Local Sources	726,981	736,350	763,531	27,181
State Sources:				
Restricted grants	100,851	85,890	92,859	6,969
Federal Sources:				
Restricted grants	1,766,033	1,656,500	1,701,446	44,946
Commodities	170,000	170,000	184,871	14,871
Total Federal Sources	1,936,033	1,826,500	1,886,317	59,817
Total Revenues	2,763,865	2,648,740	2,742,707	93,967
Expenditures				
Food Service:				
Salaries	129,000	131,800	132,245	(445)
Employee benefits	41,990	49,545	49,909	(364)
Purchased services	2,377,880	1,205,500	1,213,985	(8,485)
Supplies and materials	145,500	1,212,000	1,209,258	2,742
Capital outlay	25,000	95,000	21,413	73,587
Other	8,750	10,250	10,550	(300)
Total Expenditures	2,728,120	2,704,095	2,637,360	66,735
Excess (Deficiency) of Revenue Over Expenditures	35,745	(55,355)	105,347	160,702
Other Financing Sources (Uses)				
Operating transfers out	(40,000)	(30,000)	(30,000)	0
Net Change in Fund Balance	(4,255)	(85,355)	75,347	160,702
Fund Balance - Beginning of year	900,692	984,122	984,122	0
Fund Balance - End of year	\$896,437	\$898,767	\$1,059,469	\$160,702

MONROE PUBLIC SCHOOLS

*Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal	145,000	145,000	145,000	0
Interest and fees	3,757	3,757	3,695	62
Total Expenditures	148,757	148,757	148,695	62
Excess (Deficiency) of Revenues Over Expenditures	(148,757)	(148,757)	(148,695)	(62)
Other Financing Sources				
Transfer from Mason Consolidated	148,757	148,757	148,695	(62)
Net Change in Fund Balance	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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Interest income	\$3	\$3	\$12	\$9
Expenditures	0	0	0	0
Net Change in Fund Balance	3	3	12	9
Fund Balance - Beginning of year	4,889	4,889	4,889	0
Fund Balance - End of year	<u>\$4,892</u>	<u>\$4,892</u>	<u>\$4,901</u>	<u>\$9</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 \$41,618.

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 \$6,488.

Milligan Scholarship Fund - Established in May of 1990, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$11,794.

Wertenberger Scholarship Fund - Established in June of 1991, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$12,000.

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 \$2,014.

Robert Worden Scholarship - Established August 31, 2001, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$35,173.

Kosa Scholarship Endowment Fund - Established September 1, 2006, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$400.

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, 2014*

	Alida K. Knapp	Manning Sill	Christiancy	Monroe Public Schools Scholarship	June R. Heck Scholarship	Rye Scholarship	Milligan Scholarship	Wertenberger Scholarship	Child Wellness	Knabusch Scholarship
ASSETS										
Cash	\$88,996	\$11,587	\$660	\$44,507	\$54,347	\$6,938	\$12,613	\$12,834	\$14,235	\$66,446
Receivables:										
Loans	780	0	0	0	0	0	0	0	0	0
Total Assets	\$89,776	\$11,587	\$660	\$44,507	\$54,347	\$6,938	\$12,613	\$12,834	\$14,235	\$66,446
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	41,618	50,000	6,488	11,794	12,000	7,477	64,476
Unreserved	78,996	7,047	(340)	2,889	4,347	450	819	834	6,758	1,970
Total Net Position	\$89,776	\$11,587	\$660	\$44,507	\$54,347	\$6,938	\$12,613	\$12,834	\$14,235	\$66,446

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
\$20,477	\$2,147	\$35,924	\$2,428	\$1,073	\$8,662	\$101	\$1,000	\$108,224	\$9,075	\$7,204	\$0	\$0	\$1,472	\$510,950
0	0	0	0	0	0	0	0	0	0	0	0	0	0	780
<u>\$20,477</u>	<u>\$2,147</u>	<u>\$35,924</u>	<u>\$2,428</u>	<u>\$1,073</u>	<u>\$8,662</u>	<u>\$101</u>	<u>\$1,000</u>	<u>\$108,224</u>	<u>\$9,075</u>	<u>\$7,204</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,472</u>	<u>\$511,730</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$780
20,000	2,014	35,173	400	0	0	0	0	0	0	0	0	0	0	266,980
477	133	751	2,028	1,073	8,662	101	1,000	108,224	9,075	7,204	0	0	1,472	243,970
<u>\$20,477</u>	<u>\$2,147</u>	<u>\$35,924</u>	<u>\$2,428</u>	<u>\$1,073</u>	<u>\$8,662</u>	<u>\$101</u>	<u>\$1,000</u>	<u>\$108,224</u>	<u>\$9,075</u>	<u>\$7,204</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,472</u>	<u>\$511,730</u>

MONROE PUBLIC SCHOOLS

*Nonexpendable Private-Purpose Trust Funds
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Year Ended June 30, 2014*

	<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>
Revenues						
Local Sources:						
Private donations	\$0	\$0	\$0	\$1,136	\$0	\$0
Interest income	<u>134</u>	<u>24</u>	<u>1</u>	<u>1,416</u>	<u>175</u>	<u>221</u>
Total Revenues	134	24	1	2,552	175	221
Expenditures						
Scholarships/other	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,145</u>	<u>600</u>	<u>9,758</u>
Excess (Deficiency) of Revenues over Expenditures	134	24	1	(73,593)	(425)	(9,537)
Net Position - Beginning of year	<u>89,642</u>	<u>11,563</u>	<u>659</u>	<u>118,100</u>	<u>54,772</u>	<u>16,475</u>
Net Position - End of year	<u><u>\$89,776</u></u>	<u><u>\$11,587</u></u>	<u><u>\$660</u></u>	<u><u>\$44,507</u></u>	<u><u>\$54,347</u></u>	<u><u>\$6,938</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	\$4,350	\$16,001	\$21,487
403	410	34	214	68	68	105	21	3,294
403	410	34	214	68	68	4,455	16,022	24,781
17,763	18,082	266	6,000	0	3,135	500	15,902	148,151
(17,360)	(17,672)	(232)	(5,786)	68	(3,067)	3,955	120	(123,370)
29,973	30,506	14,467	72,232	20,409	5,214	31,969	2,308	498,289
<u>\$12,613</u>	<u>\$12,834</u>	<u>\$14,235</u>	<u>\$66,446</u>	<u>\$20,477</u>	<u>\$2,147</u>	<u>\$35,924</u>	<u>\$2,428</u>	<u>\$374,919</u>

MONROE PUBLIC SCHOOLS

*Expendable Private-Purpose Trust Funds
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Year Ended June 30, 2014*

	<u>Valor</u>	<u>Lincoln Scholarship</u>	<u>Epps Scholarship</u>	<u>Donald Packer Memorial Scholarship</u>
Revenues				
Local sources:				
Private donations	\$0	\$0	\$0	\$2,000
Interest income	<u>1</u>	<u>26</u>	<u>0</u>	<u>0</u>
Total Revenues	1	26	0	2,000
Expenditures				
Scholarships/other	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	1	(974)	0	2,000
Net Position - Beginning of year	<u>1,072</u>	<u>9,636</u>	<u>101</u>	<u>(1,000)</u>
Net Position - End of year	<u><u>\$1,073</u></u>	<u><u>\$8,662</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>
\$200	\$0	\$1,000	\$66	\$0	\$412	\$3,678
138	281	16	0	0	1	463
338	281	1,016	66	0	413	4,141
0	12,154	1,000	2,066	2,000	500	18,720
0	12,154	1,000	2,066	2,000	500	18,720
338	(11,873)	16	(2,000)	(2,000)	(87)	(14,579)
107,886	20,948	7,188	2,000	2,000	1,559	151,390
<u>\$108,224</u>	<u>\$9,075</u>	<u>\$7,204</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,472</u>	<u>\$136,811</u>

MONROE PUBLIC SCHOOLS

Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Assets				
Cash	<u>\$311,420</u>	<u>\$521,486</u>	<u>\$529,868</u>	<u>\$303,038</u>
Liabilities				
Due to student groups	<u>\$311,420</u>	<u>\$521,486</u>	<u>\$529,868</u>	<u>\$303,038</u>

MONROE PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) Student Groups June 30, 2013	Receipts	Disbursements	Due to (From) Student Groups June 30, 2014
Monroe High School:				
Schultz Memorial	\$79	\$0	\$0	\$79
M.A.R.C.	0	11,725	0	11,725
Football Coaches	9,643	15,290	15,650	9,283
Sticker Money	5,145	5,645	3,032	7,758
Monroe High Trap Club	(12)	1,527	1,089	426
Highlighter	6,614	8,240	665	14,189
Instrumental Music	6,353	3,209	3,400	6,162
Choir	168	401	529	40
BPA	510	1,811	2,041	280
Girls Bootcamp	0	200	200	0
Student Council	10,731	38,455	26,493	22,693
Close-Up	379	0	0	379
Lotus Leaf	14	240	198	56
FUEL	57	0	0	57
National Honor Society	163	2,233	2,345	51
Orchestra	3	410	235	178
MOCI Club	0	2,055	766	1,289
Auto	0	400	0	400
DECA	252	5,810	4,446	1,616
FIZIX	22	0	20	2
Drama Club	3,128	7,115	4,115	6,128
"S" Club	407	2,037	1,310	1,134
Misc. Income	9,211	734	184	9,761
Advanced Placement	7,576	11,502	12,132	6,946
Main Office	1,291	8,785	7,589	2,487
Library	49	1,004	962	91
Tests	22	1,560	1,336	246
Sunshine Fund	193	862	945	110
CLD	675	989	989	675
Cash for Check	0	16,325	16,325	0
Cash Advance	0	2,500	2,500	0
Locks	1,501	0	1,502	(1)
Sales Tax	287	58	110	235
MHS Renaissance	3,907	155	58	4,004
Testing Out	150	40	0	190
National Tech Honor Society	4,203	1,539	1,761	3,981
Phys ED	43	0	0	43
Green Club	262	200	310	152
Pep Club	937	886	564	1,259

MONROE PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) Student Groups June 30, 2013	Receipts	Disbursements	Due to (From) Student Groups June 30, 2014
Monroe High School (Continued):				
Monroe Trojan Robotics	\$13,696	\$6,800	\$17,049	\$3,447
Chess Club	43	0	43	0
HOSA	500	4,491	2,876	2,115
Athletic Department	6,649	4,049	8,189	2,509
Music Department	605	755	971	389
Seam Rippers	1,203	0	542	661
Special Projects	7,381	23,978	21,762	9,597
Gay Straight Alliance	718	0	0	718
Art Club	2,804	245	0	3,049
Home Builders Association	2,540	0	0	2,540
Hope's Closet	0	315	0	315
Red Hat	378	100	478	0
International Cultures	1,928	0	724	1,204
Calculus	362	1,808	1,849	321
Young Democrats	1,011	0	0	1,011
Trojan Pride Art & Craft Show	657	0	657	0
Trojan Tidings	83	0	0	83
Trojan Den	89	0	0	89
WARP	696	0	696	0
MHS Interact	1,633	1,579	2,385	827
2004 Reunion	8,722	0	1,851	6,871
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	100	0
MHS Hockey	960	29,199	29,034	1,125
MHS Baseball	323	0	266	57
MHS Boys Basketball	577	0	480	97
MHS Golf	903	756	1,106	553
MHS Boys Swimming	754	437	412	779
MHS Boys Track	3,982	8,838	11,827	993
MHS Cheerleading	1,369	16,213	17,223	359
MHS Cross Country	1,650	1,813	2,258	1,205
MHS Competitive Cheer	7,169	27,779	31,727	3,221
MHS Girls Basketball	2,670	10,223	11,975	918
MHS Girls Golf	1,053	213	472	794
MHS Girls Swimming	4,959	4,177	6,775	2,361
MHS Girls Track	37	0	80	(43)
MHS Softball	5,305	0	1,247	4,058
MHS Bowling	588	700	1,192	96
MHS Tennis	415	630	654	391

MONROE PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) Student Groups <u>June 30, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) Student Groups <u>June 30, 2014</u>
Monroe High School (Concluded):				
MHS Volleyball	\$6,251	\$7,068	\$6,710	\$6,609
Equestrian	0	405	405	0
MHS Soccer	355	10,508	7,563	3,300
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	5,731	0	2,000	3,731
Class of 2014	10,783	24,576	32,976	2,383
Class of 2015	2,322	3,389	2,218	3,493
Class of 2016	618	1,695	948	1,365
Zombie Apocalypse Survival	187	0	187	0
Ultimate Frisbee Club	191	24	120	95
Ignition	1,000	550	1,349	201
Monroe High Unify	720	597	924	393
Guitar Club	72	0	0	72
English Lit AP Class	0	360	360	0
E2020	200	0	200	0
	<u>210,379</u>	<u>348,212</u>	<u>346,661</u>	<u>211,930</u>
Monroe Middle School:				
Book Fines	2,119	0	0	2,119
Lock Fund	150	0	0	150
Renaissance	1,231	0	1,231	0
Special Projects	4,555	32,226	41,276	(4,495)
Staff Flower Fund	275	495	637	133
Lounge Pop Fund	2,631	1,564	273	3,922
Choir	1,267	16,027	15,312	1,982
Girls Basketball	1,114	489	1,030	573
Golf	4	0	0	4
Orchestra	1,581	9,556	9,301	1,836
Yearbook	11,128	5,681	12,907	3,902
Band	1,811	8,888	9,283	1,416
Student Council	1,104	0	1,104	0
Needy Student	1,753	2,272	3,224	801
Media Center	1,424	4,972	5,114	1,282
Theatre	2,097	1,497	2,094	1,500
Postage	225	0	42	183
Class Trip - 8th Grade	3,271	19,904	19,343	3,832
NJHS	1,995	170	922	1,243

MONROE PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) Student Groups June 30, 2013	Receipts	Disbursements	Due to (From) Student Groups June 30, 2014
Monroe Middle School (Concluded):				
LEGO	\$1,727	\$2,326	\$2,008	\$2,045
Cheerleading	185	4,958	4,213	930
Competitive Cheerleading	1,186	0	0	1,186
MMS Swimming	389	639	208	820
MMS Volleyball	198	0	0	198
Track	1,179	562	0	1,741
Parent RR	0	4,569	1,964	2,605
Citizens Science	0	238	218	20
Project Unify	0	1,460	534	926
Team 7A	0	2,957	1,759	1,198
Team 7B	0	1,379	120	1,259
Team 7C	0	331	185	146
Team 7D/8D	0	1,818	1,058	760
Team 8A	0	19	0	19
Team 8B	0	6,694	1,287	5,407
Team 8C	0	7,948	8,313	(365)
	44,599	139,639	144,960	39,278
Main Office:				
Elementary Student Councils	1,780	0	0	1,780
Waterloo Special Account	(7,048)	0	0	(7,048)
Beverage Consortium	38,720	27,948	29,642	37,026
Positive Action	3,456	2,100	3,114	2,442
AIM - Allies in Monroe	0	2,000	0	2,000
Sunshine Fund	393	6	0	399
Rainbow Fundraising	1,237	0	115	1,122
Nevaeh Memorial	90	0	0	90
Promise Project	3,458	916	4,099	275
Waterloo Recycling	1,140	665	1,277	528
Building The Best - MPS	1,124	0	0	1,124
Arborwood Office	998	0	0	998
Auction	10,671	0	0	10,671
Waterloo Gardens	423	0	0	423
	56,442	33,635	38,247	51,830
	\$311,420	\$521,486	\$529,868	\$303,038

MONROE PUBLIC SCHOOLS

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Technology enhancement millage	\$1,400,000	\$1,540,000	\$1,544,459	\$4,459
Total Revenues	1,400,000	1,540,000	1,544,459	4,459
Expenditures				
Salaries	324,315	291,020	285,460	5,560
Fringe benefits	196,526	155,350	148,151	7,199
Purchased services	243,000	246,000	199,342	46,658
Supplies	54,000	63,000	41,127	21,873
Capital outlay	325,000	261,250	158,413	102,837
Other	500	500	47	453
	1,143,341	1,017,120	832,540	184,580
Debt service	527,756	638,626	638,624	2
Total Expenditures	1,671,097	1,655,746	1,471,164	184,582
Net Change in Fund Balance	(271,097)	(115,746)	73,295	189,041
Fund Balance - Beginning of year	122,883	122,883	122,883	0
Fund Balance - End of year	<u>(\$148,214)</u>	<u>\$7,137</u>	<u>\$196,178</u>	<u>\$189,041</u>

MONROE PUBLIC SCHOOLS

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Admissions	\$64,000	\$47,000	\$46,950	(\$50)
Participation fees	129,400	137,060	136,840	(220)
Donations	5,000	6,800	12,860	6,060
Miscellaneous	0	10,000	0	(10,000)
State Sources:				
MPSERS UAAL	0	0	13,204	13,204
Total Revenues	<u>\$198,400</u>	<u>\$200,860</u>	<u>\$209,854</u>	<u>\$8,994</u>
Expenditures				
Pupil Transportation:				
Salaries	\$30,000	\$9,500	\$8,240	\$1,260
Employee benefits	8,530	3,250	2,673	577
Purchased services	37,000	96,000	93,724	2,276
Supplies and materials	29,000	9,500	7,285	2,215
Athletics:				
Salaries	252,000	253,700	252,170	1,530
Employee benefits	115,840	130,085	128,490	1,595
Purchased services	260,400	251,400	228,712	22,688
Supplies and materials	85,750	86,550	74,709	11,841
Capital outlay	1,500	19,900	18,187	1,713
Other	18,500	23,500	24,075	(575)
Total Expenditures	<u>\$838,520</u>	<u>\$883,385</u>	<u>\$838,265</u>	<u>\$45,120</u>

MONROE PUBLIC SCHOOLS

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014*

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	131520-1213	84.010	\$1,962,863
Title I, Part A - Improving Basic Programs	141520-1314	84.010	1,843,827
			<u>3,806,690</u>
Title II, Part A - Teacher and Principal Training	130520-1213	84.367	472,962
Title II, Part A - Teacher and Principal Training	140520-1314	84.367	464,516
			<u>937,478</u>
Title III - Limited English	130580-1213	84.365A	168,602
Title III - Limited English	140580-1314	84.365A	127,141
			<u>295,743</u>
Total Passed Through State Dept. of Education			5,039,911
Passed Through Intermediate School Districts:			
Perkins Vocational Education	133520-131225	84.048A	80,756
Perkins Vocational Education	143520-141225	84.048A	69,329
			<u>150,085</u>
Homeless Students' Assistance	132320-1213	84.196A	16,020
Total Passed Through Intermediate School Districts			<u>166,105</u>
Total U.S. Department of Education			5,206,016

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2013	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2014
\$240,848	\$1,474,574	\$163,766	\$404,614	\$0
0	0	1,311,567	1,109,147	202,420
<u>240,848</u>	<u>1,474,574</u>	<u>1,475,333</u>	<u>1,513,761</u>	<u>202,420</u>
71,388	363,805	28,854	100,242	0
0	0	325,850	255,126	70,724
<u>71,388</u>	<u>363,805</u>	<u>354,704</u>	<u>355,368</u>	<u>70,724</u>
46,005	363,805	10,180	56,185	0
0	0	34,895	6,219	28,676
<u>46,005</u>	<u>363,805</u>	<u>45,075</u>	<u>62,404</u>	<u>28,676</u>
358,241	2,202,184	1,875,112	1,931,533	301,820
14,000	80,756	0	14,000	0
0	0	69,329	46,490	22,839
<u>14,000</u>	<u>80,756</u>	<u>69,329</u>	<u>60,490</u>	<u>22,839</u>
880	7,215	0	880	0
<u>14,880</u>	<u>87,971</u>	<u>69,329</u>	<u>61,370</u>	<u>22,839</u>
<u>\$373,121</u>	<u>\$2,290,155</u>	1,944,441	<u>\$1,992,903</u>	<u>\$324,659</u>

MONROE PUBLIC SCHOOLS

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014*

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	\$9,953
Passed Through Southeast Michigan Community Alliance: Substance Abuse and Mental Health Services PA 2 - 12/13	93.959	83,380
Block Grant - 13/14	93.959	83,380
		<u>166,760</u>
Total U.S. Dept. of Health and Human Services		176,713
<u>U.S. Department of Agriculture</u>		
Passed Through State Dept. of Education:		
National School Lunch Program		
131960 All Lunches	10.555	\$1,360,597
141960 All Lunches	10.555	1,160,206
131980 Snack	10.555	12,852
141980 Snack	10.555	5,199
		<u>2,538,854</u>
131970 Breakfast	10.553	374,596
141970 Breakfast	10.553	329,154
		<u>703,750</u>
		3,242,604
U.S.D.A. Donated Commodities Entitlements	10.555	<u>184,871</u>
Total Passed Through State Dept. of Agriculture		<u>3,427,475</u>
Total Federal Financial Assistance		<u><u>\$8,810,204</u></u>

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2013	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2014
\$0	\$4,906	9,953	\$9,953	\$0
1,621	50,374	33,006	34,627	0
0	0	48,955	34,596	14,359
<u>1,621</u>	<u>50,374</u>	<u>81,961</u>	<u>69,223</u>	<u>14,359</u>
<u>\$1,621</u>	<u>\$55,280</u>	91,914	<u>\$79,176</u>	<u>\$14,359</u>
\$28,190	\$1,199,214	161,383	\$189,573	\$0
0	0	1,160,206	1,078,702	81,504
278	11,524	1,328	1,606	0
0	0	5,199	4,822	377
<u>28,468</u>	<u>1,210,738</u>	<u>1,328,116</u>	<u>1,274,703</u>	<u>81,881</u>
12,146	330,420	44,176	56,322	0
0	0	329,154	303,025	26,129
<u>12,146</u>	<u>330,420</u>	<u>373,330</u>	<u>359,347</u>	<u>26,129</u>
40,614	1,541,158	1,701,446	1,634,050	108,010
0	0	184,871	184,871	0
<u>\$40,614</u>	<u>\$1,541,158</u>	<u>1,886,317</u>	<u>\$1,818,921</u>	<u>\$108,010</u>
		<u>\$3,922,672</u>		

MONROE PUBLIC SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014*

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:

Program Title/Project Number Subrecipient Name	CFDA Number	Current Year Cash Transferred to Subrecipients
Title III Limited English	84.365A	
Airport Community Schools		\$529
Bedford Public Schools		3,201
Dexter Community School District		1,701
Fowlerville Community Schools		2,397
Lincoln Consolidated Schools		8,451
Manchester Community Schools		2,448
Milan Schools		10,060
Saline Area Schools		3,222
		\$32,009

MONROE PUBLIC SCHOOLS

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2014*

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 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*.
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 the Nutrition Cluster 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 programs tested as a major programs the National School Breakfast Program (CFDA #10.553), the National School Lunch Program (CFDA #10.555), and the U.S.D.A. Donated Commodities (CFDA #10.555).
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures between \$100,000 and \$300,000.
9. Monroe Public Schools was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None



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

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

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

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

Board of Education
Monroe Public Schools
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

Very truly yours,

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

September 29, 2014



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

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

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

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

September 29, 2014

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, 2014. 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 29, 2014. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by Monroe Public Schools 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 29, 2014.

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,

Cosley Hill Wollgamuth + Carlton