

MONROE PUBLIC SCHOOLS
Monroe, Michigan

ANNUAL FINANCIAL REPORT
June 30, 2011

MONROE PUBLIC SCHOOLS

Table of Contents
June 30, 2011

Independent Auditor's Report	1-2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance with OMB Circular A-133	5-6
Management's Discussion and Analysis	7-14
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Fiduciary Funds - Statement of Fiduciary Net Assets	21
- Statement of Changes in Fiduciary Net Assets	22
Notes to Financial Statements	23-35
Required Supplemental Information:	
General Fund:	
Budgetary Comparison Schedule	36
Schedule of Revenues - Budget and Actual	37
Schedule of Expenditures - Budget and Actual	38-41
Other Supplemental Information:	
Sinking Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	42
Nonmajor Governmental Funds:	
Combining Balance Sheet	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	44

MONROE PUBLIC SCHOOLS

Table of Contents (Continued)
June 30, 2011

Other Supplemental Information (Continued):

Food Service Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual.....45

Debt Retirement Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual.....46

Building and Site Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual.....47

Private-Purpose Trust Funds:
Combining Balance Sheet..... 48-49
Nonexpendable Private-Purpose Trust Funds:
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances 50-51
Expendable Private-Purpose Trust Funds:
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances 52-53

Student Activities Agency Fund:
Statement of Changes in Assets and Liabilities54
Summary of Receipts and Disbursements..... 55-58

Schedule of Technology Enhancement Millage - Budget and Actual59

Schedule of Athletics - Budget and Actual60

Federal Financial Assistance Programs:

Schedule of Expenditures of Federal Awards..... 61-66
Notes to Schedule of Expenditures of Federal Awards67
Schedule of Findings and Questioned Costs.....68



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Independent Auditor's Report

Board of Education
Monroe Public Schools
Monroe, Michigan 48162

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, 2011, which collectively comprise the School Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of Monroe Public Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011, on our consideration of Monroe Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

Board of Education
Monroe Public Schools

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe Public Schools' financial statements as a whole. The accompanying other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying 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 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. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



September 15, 2011



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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 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, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 15, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Public Schools 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Monroe Public School's financial statements will not be prevented or detected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Public Schools' financial statements are free of 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*.

This report is intended solely for the information of management, the School Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Cooley Hell Wohlgenuth & Carlton".

September 15, 2011



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Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133

Board of Education
Monroe Public Schools
Monroe, Michigan 48162

Compliance

We have audited Monroe Public School's compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Monroe Public School's major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Monroe Public Schools' management. Our responsibility is to express an opinion on Monroe Public Schools' compliance based on our audit.

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. Our audit does not provide a legal determination on Monroe Public Schools' compliance with those requirements.

In our opinion, Monroe Public Schools complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

The management of Monroe Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Monroe Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance 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.

Internal Control Over Compliance (Concluded)

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 on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the School Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Coolley Hehl Wohlgamuth & Carlton

September 15, 2011

MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2011*

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, 2011. 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 Assets 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 Assets and the Statement of Changes in Fiduciary Net Assets, 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, 2011*

District-Wide Financial Statements

The Statement of Net Assets 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 assets and changes in them. The change in net assets 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 Assets 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 Assets 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, 2011*

District-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2011 and 2010:

Table 1

Condensed Statement of Net Assets
(Reported, in millions)

	Governmental Activities	
	2011	2010
Current and other assets	\$20.4	\$17.5
Capital assets	18.9	17.5
Total Assets	39.3	35.0
Current and other liabilities	9.3	9.5
Long-term liabilities	4.9	4.5
Total Liabilities	14.2	14.0
Net Assets		
Invested in capital assets, net of related debt	17.4	16.2
Restricted for technology enhancement	0.2	0.0
Restricted for capital projects	4.1	4.7
Restricted for food service	1.0	0.8
Unrestricted	2.4	(0.7)
Total Net Assets	\$25.1	\$21.0

As depicted in Table 1, the School District's net assets were \$25.1 million at June 30, 2011. Of this amount, \$2.4 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset 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 assets 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 assets for the fiscal year ended June 30, 2011.

MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2011*

District-Wide Financial Analysis - Concluded

Table 2

Changes in Net Assets (in millions)		
	<u>Governmental Activities</u>	
Revenues	<u>2011</u>	<u>2010</u>
Program revenues:		
Charges for services	\$1.8	\$1.9
Federal grants	6.4	5.9
State and local revenue	<u>6.0</u>	<u>6.1</u>
	14.2	13.9
General revenues:		
Property taxes	19.0	19.4
State foundation allowance	28.4	27.5
Other general revenues	<u>0.1</u>	<u>0.2</u>
	<u>47.5</u>	<u>47.1</u>
 Total Revenues	 61.7	 61.0
 Functions/Program Expenses		
Instruction	32.4	33.0
Support services	20.7	23.6
Community services	0.7	1.2
Food services	2.5	2.5
Interest on long-term debt	0.1	0.1
Depreciation	<u>1.2</u>	<u>1.2</u>
 Total Expenses	 <u>57.6</u>	 <u>61.6</u>
 Increase (Decrease) in Net Assets	 <u><u>\$4.1</u></u>	 <u><u>(\$0.6)</u></u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$57.6 million. Of this amount, \$14.2 million was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net assets of \$4.1 million. A reconciliation of the change in fund balances to the change in net assets appears on page 20.

MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2011*

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 \$11,408,493, which is an increase of \$2,977,255 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	\$2,871,338	\$4,727,227	\$832,673	\$ 8,431,238
Increase (decrease)	<u>3,427,553</u>	<u>(596,933)</u>	<u>146,635</u>	<u>2,977,255</u>
Fund balances – End of year	<u><u>\$6,298,891</u></u>	<u><u>\$4,130,294</u></u>	<u><u>\$979,308</u></u>	<u><u>\$11,408,493</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.

Revenues	<u>June 30, 2011</u>	<u>June 30, 2010</u>	Percent Change
Local sources	\$16,734,773	\$17,026,784	(1.7)%
State sources	32,263,574	31,289,581	3.1 %
Federal sources	4,662,421	4,339,876	7.4 %
Interdistrict and other sources	3,647,375	3,705,743	(1.6)%
Other financing sources	<u>825,405</u>	<u>731,501</u>	12.8 %
	<u><u>\$58,133,548</u></u>	<u><u>\$57,093,485</u></u>	1.8 %

There is a 7.4% increase in Federal sources from 2010 to 2011. This increase is attributed to the Edujobs Funds of \$1,422,607. There is a 12.8% increase in other financing sources from 2010 to 2011. This increase of \$93,904 is attributed to bus financing in 2011 that was greater than the technology financing in 2010. On the following page, the table reflects an increase of 548.6% in interdistrict and other uses which is due to more Title III grant funds being requested by other school districts in 2011. Monroe Public Schools serves as the fiscal agent for this grant. There is also an 86.6% decrease in operating transfers out from 2010 to 2011. This is because the athletic activity is now included in the General Fund so there are no longer transfers to the Athletic Fund.

MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2011*

Fund Financial Analysis – Concluded

Expenditures	June 30, 2011	June 30, 2010	Percent Change
Instruction	\$32,435,269	\$33,821,451	(4.1)%
Support services	19,982,242	22,470,983	(11.1)%
Community services	716,322	1,205,036	(40.6)%
Athletics	797,493	769,176	3.7 %
Interdistrict and other uses	47,076	7,258	548.6 %
Debt service	655,191	832,227	(21.3)%
Operating transfers out	72,402	540,656	(86.6)%
	<u>\$54,705,995</u>	<u>\$58,877,611</u>	(7.1)%

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	\$58,471,052	\$58,501,745	0.05%
Expenditures	\$61,564,501	\$56,588,570	(8.08)%

Revisions to the General Fund original budget were as follows:

Revenues – The original budget for revenues was \$58.5 million versus the final budget of \$58.5 million. Although the net result of the revenue budget adjustments was minor, components of revenue and the original versus final projections are discussed below:

- The significant adjustments were the result of a decrease in state aid due to a decrease in student count and a state aid proration of \$170 per student, which was significantly offset by the Edujobs Funds received.

MONROE PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2011*

General Fund Budgetary Highlights - Concluded

Expenditures – The original budget for expenditures and transfers out was \$61.5 million compared to the final budget of \$56.6 million. This decrease is approximately \$4.9 million or 8%. There were various reasons for this decrease.

- The significant adjustments were a result of Board approved budget reductions.

General Fund Final Budget versus Actual

	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget versus Actual Variance</u>
Revenues	\$58,501,745	\$58,133,548	0.6%
Expenditures	\$56,588,570	\$54,705,995	3.4%

Final Budget versus Actual Figures

- Revenue – The final revenue budget was estimated at \$58.5 million. The General Fund actual revenue as of June 30, 2011, was \$58.1 million. The variance between the final amended budget and actual revenue received was due to unspent grant funds at June 30, 2011. Most of the federal grants have a September 30, 2011 ending date. Therefore, the balance can be spent in the following fiscal year.
- Expenditures – The final budgeted expenditures and operating transfers out were \$56.6 million. The actual expenditures and operating transfers out were \$54.7 million. Expenditure variances were primarily attributed to not fully expending various grant funds. These funds will be carried forward to the 2011-2012 fiscal year. Additional budget balances were due to mid-year cost saving reductions in spending for supplies and utility savings.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011, the School District had \$46.7 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 \$1.9 million from last year. This year's additions of \$2.9 million included technology, equipment, and building improvements. Depreciation for this year totaled \$1,237,422. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2011, the School District had \$1.2 million in outstanding bonds and notes payable. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations include accrued vacation, sick, and termination pay. 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, 2011*

Development of the 2011-2012 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2011-2012 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 2012 fiscal year is 10 percent of the February 2011 and 90 percent of the October 2011 student counts. The 2011-2012 budget was adopted in June 2011. Approximately 75% of total revenue is from the foundation allowance and property tax levy. Based on early enrollment data at the start of the 2011-2012 school year, we anticipate that the fall student count will be slightly less than the estimates used in creating the 2011-2012 budget.

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

Contacting Monroe Public Schools Business Office

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

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

MONROE PUBLIC SCHOOLS

Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Cash and cash equivalents	\$11,647,089
Accounts/taxes receivable	120,854
Due from Mason Consolidated School District	415,000
Due from other governmental units	8,098,973
Inventories	37,837
Deposits	83,500
Prepays	17,612
Capital assets less accumulated depreciation	18,929,021
Total Assets	39,349,886
Liabilities	
Accounts payable	1,196,389
Note payable	1,508,574
Salaries payable	3,529,971
Other liabilities	2,042,632
Accrued interest payable	18,704
Deferred revenue	276,455
Due to other governmental units	43,351
Long-term liabilities:	
Due within one year	726,922
Due in more than one year	4,876,411
Total Liabilities	14,219,409
Net Assets	
Invested in capital assets, net of related debt	17,369,584
Restricted for technology enhancement	231,604
Restricted for capital projects	4,135,176
Restricted for food service	974,426
Unrestricted	2,419,687
Total Net Assets	\$25,130,477

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

*Statement of Activities
Year Ended June 30, 2011*

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Instruction and instructional support	\$32,409,373	\$11,175	\$6,217,747	(\$26,180,451)
Support services	20,664,670	225,253	4,375,599	(16,063,818)
Community services	716,322	627,419	34,192	(54,711)
Food services	2,532,865	932,401	1,803,249	202,785
Interest on long-term debt	96,130	0	22,130	(74,000)
Depreciation (unallocated)	1,237,422	0	0	(1,237,422)
Total Governmental Activities	\$57,656,782	\$1,796,248	\$12,452,917	(43,407,617)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				15,676,196
Property taxes, levied for technology				1,595,655
Property taxes, levied for sinking fund				1,753,781
State of Michigan aid, unrestricted				28,426,399
Interest income				31,557
Other				71,216
				47,554,804
Change in Net Assets				4,147,187
Net Assets - Beginning of year				20,983,290
Net Assets - End of year				\$25,130,477

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

MONROE PUBLIC SCHOOLS

*Governmental Funds
Balance Sheet
June 30, 2011*

	General	Sinking Fund	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$6,207,062	\$4,446,515	\$993,512	\$11,647,089
Receivables:				
Accounts	87,712	0	33,142	120,854
Due from other governmental units	8,013,625	0	85,348	8,098,973
Inventory	22,638	0	15,199	37,837
Deposits	83,500	0	0	83,500
Prepays	17,362	0	250	17,612
Total Assets	\$14,431,899	\$4,446,515	\$1,127,451	\$20,005,865
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$747,984	\$316,221	\$132,184	\$1,196,389
Note payable	1,508,574	0	0	1,508,574
Salaries payable	3,529,963	0	8	3,529,971
Due to other governmental units	42,963	0	388	43,351
Other liabilities	2,042,630	0	2	2,042,632
Deferred revenue	260,894	0	15,561	276,455
Total Liabilities	8,133,008	316,221	148,143	8,597,372
Fund Balances				
Nonspendable:				
Inventory	22,638	0	15,199	37,837
Prepays	17,362	0	250	17,612
Restricted to:				
Technology enhancement	231,604	0	0	231,604
Capital projects	0	4,130,294	0	4,130,294
Assigned to:				
Termination pay	92,964	0	0	92,964
Food service	0	0	958,977	958,977
Capital projects	0	0	4,882	4,882
Unassigned	5,934,323	0	0	5,934,323
Total Fund Balances	6,298,891	4,130,294	979,308	11,408,493
Total Liabilities and Fund Balances	\$14,431,899	\$4,446,515	\$1,127,451	\$20,005,865

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

*Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2011*

Total Fund Balances - Governmental Funds		\$11,408,493
 Amounts reported for governmental activities in the statement of net assets 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	\$46,655,657	
Accumulated depreciation	<u>(27,726,636)</u>	
		18,929,021
 Long-term receivable not available to pay current period expenditures and are not reported in the funds.		
		415,000
 Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(415,000)	
Accrued interest	(18,704)	
Notes payable	(1,186,762)	
Capital leases	(372,675)	
Compensated absences	<u>(3,628,896)</u>	
		<u>(5,622,037)</u>
 Total Net Assets - Governmental Activities		 <u><u>\$25,130,477</u></u>

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2011*

	<u>General</u>	<u>Sinking Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local sources	\$16,734,773	\$1,762,112	\$937,054	\$19,433,939
State sources	32,263,574	0	113,099	32,376,673
Federal sources	4,662,421	0	1,690,150	6,352,571
Interdistrict and other sources	3,647,375	0	0	3,647,375
Total Revenues	57,308,143	1,762,112	2,740,303	61,810,558
Expenditures				
Instruction	32,435,269	0	0	32,435,269
Support services	19,982,242	0	2,554,891	22,537,133
Community services	716,322	0	0	716,322
Athletics	797,493	0	0	797,493
Interdistrict and other uses	47,076	0	0	47,076
Debt service	655,191	0	147,130	802,321
Capital outlay	0	2,359,045	0	2,359,045
Total Expenditures	54,633,593	2,359,045	2,702,021	59,694,659
Excess (Deficiency) of Revenue Over Expenditures	2,674,550	(596,933)	38,282	2,115,899
Other Financing Sources (Uses)				
Proceeds from loans	786,628	0	0	786,628
Transfer from Mason Consolidated	0	0	147,130	147,130
Transfer to LEEOP	(72,402)	0	0	(72,402)
Operating transfers in	38,777	0	0	38,777
Operating transfers out	0	0	(38,777)	(38,777)
Total Other Financing Sources (Uses)	753,003	0	108,353	861,356
Net Change in Fund Balances	3,427,553	(596,933)	146,635	2,977,255
Fund Balances - Beginning of year	2,871,338	4,727,227	832,673	8,431,238
Fund Balances - End of year	\$6,298,891	\$4,130,294	\$979,308	\$11,408,493

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, 2011*

Net Change in Fund Balances - Total Governmental Funds		\$2,977,255
<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	(\$1,237,422)	
Capital outlay	<u>2,689,834</u>	
		1,452,412
<p>Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.</p>		4,171
<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>		702,344
<p>Other financing source for bond principal and interest is reported in the governmental funds, but not in the statement of activities.</p>		(125,000)
<p>Proceeds from the sale of capital assets</p>		(12,600)
<p>Loss from the disposal of assets that are still being depreciated as a capital asset in the statement of activities is reported in the statement of activities, but not in the governmental funds.</p>		(16,119)
<p>Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.</p>		(196,168)
<p>Decreases in the liability for the retirement incentive plan (VAIL) are reported as an expenditure in the statement of activities, but not in the governmental funds.</p>		147,520
<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>(786,628)</u>
Change in Net Assets of Governmental Activities		<u><u>\$4,147,187</u></u>

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

*Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2011*

	<u>Agency Fund</u>	<u>Private-Purpose Trusts</u>	
	<u>Student Activities</u>	<u>Scholarships and Other</u>	<u>Total</u>
Assets			
Cash	\$262,833	\$677,996	\$940,829
Receivables:			
Loans	0	780	780
Total Assets	<u>\$262,833</u>	<u>\$678,776</u>	<u>\$941,609</u>
 Liabilities and net assets			
Due to student groups	\$262,833	\$0	\$262,833
 Net assets			
Reserved for loans receivable	0	780	780
Nonexpendable endowments	0	375,046	375,046
Expendable endowments	0	302,950	302,950
Total Net Assets	<u>0</u>	<u>678,776</u>	<u>678,776</u>
Total Liabilities and Net Assets	<u>\$262,833</u>	<u>\$678,776</u>	<u>\$941,609</u>

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2011

	<u>Scholarships and Other</u>
Additions	
Private donations	\$101,474
Interest income	<u>4,049</u>
Total Additions	105,523
Deductions	
Scholarships/other	<u>39,865</u>
Change in Net Assets	65,658
Net Assets - Beginning of year	<u>613,118</u>
Net Assets - End of year	<u><u>\$678,776</u></u>

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2011

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. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. 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 assets 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, 2011

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. Assets, Liabilities, and Net Assets 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, 2011

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets 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, 2011, 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 fixed 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, 2011*

Note 2 Summary of Significant Accounting Policies (Continued)
C. Assets, Liabilities, and Net Assets 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 assets.

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

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

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

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

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

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

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

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2011*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets 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 – For years beginning after June 15, 2011, Governmental Accounting Standards Board issued Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under this statement, the fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 10% of the District General Fund annual operating expenditures.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and the Special Revenue Fund are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

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

1. Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

MONROE PUBLIC SCHOOLS

Notes to Financial Statements Year Ended June 30, 2011

Note 2 Summary of Significant Accounting Policies (Concluded)

G. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2011 through September 15, 2011, 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, 2011, 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.

For the year ended June 30, 2011, expenditures exceeded final budgeted amounts in the following funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Food Service Fund	<u>\$2,538,425</u>	<u>\$2,554,891</u>	<u>\$(16,466)</u>

Note 4 Deposits and Investments

As of June 30, 2011, 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, 2011, 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 \$13,466,173 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$750,000. In addition, all funds in noninterest-bearing transaction accounts are insured in full by the FDIC. At June 30, 2011, the School District has an additional \$2,194,641 in deposits insured through this program. Uninsured deposits are \$10,521,532.

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2011*

Note 4 Deposits and Investments (Concluded)

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District did not have outstanding investments of this nature at June 30, 2011. 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, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets not being depreciated:				
Land	\$613,940	\$0	\$0	\$613,940
Construction in progress	230,473	445,104	230,474	445,103
	<u>844,413</u>	<u>445,104</u>	<u>230,474</u>	<u>1,059,043</u>
Capital assets being depreciated:				
Land improvements	3,874,838	637,669	48,493	4,464,014
Buildings and building improvements	30,748,873	1,009,919	76,810	31,681,982
Machinery and equipment	5,208,421	50,899	369,542	4,889,778
Vehicles	4,172,691	776,717	388,568	4,560,840
	<u>44,004,823</u>	<u>2,475,204</u>	<u>883,413</u>	<u>45,596,614</u>
Total capital assets	44,849,236	2,920,308	1,113,887	46,655,657
Less accumulated depreciation:				
Land improvements	(2,675,654)	(88,356)	(40,888)	(2,723,122)
Buildings and building improvements	(17,811,409)	(635,876)	(55,696)	(18,391,589)
Machinery and equipment	(3,423,344)	(293,368)	(369,542)	(3,347,170)
Vehicles	(3,433,501)	(219,822)	(388,568)	(3,264,755)
	<u>(27,343,908)</u>	<u>(1,237,422)</u>	<u>(854,694)</u>	<u>(27,726,636)</u>
Total accumulated depreciation	(27,343,908)	(1,237,422)	(854,694)	(27,726,636)
Net capital assets	<u>\$17,505,328</u>	<u>\$1,682,886</u>	<u>\$259,193</u>	<u>\$18,929,021</u>

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

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2011*

Note 6 Interfund Transfers

Interfund transfers at June 30, 2011, consisted of the following:

TRANSFERS OUT

TRANSFERS IN		<u>Food Service</u>
	General Fund	<u>\$ 38,777</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 implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 16.94 percent for the period July 1, 2010 through September 30, 2010 19.41 percent for the period October 1, 2010 through October 31, 2010, and 20.66 percent for the period November 1, 2010 through June 30, 2011 of the covered payroll to the plan. New employees hired on or after July 1, 2010 are in the Pension Plus hybrid plan. The pension rate for the Pension Plus hybrid plan was 15.44% for the period July 1, 2010 through September 30, 2010, 17.91% for the period October 1, 2010 through October 31, 2010, and 19.16% for the period November 1, 2010 through June 30, 2011 of the covered payroll for the plan. Basic plan members make no contributions, but member investment plan (MIP) members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School's contributions to the MPSERS pension plan for the years ended June 30, 2011, 2010, and 2009 were \$5,597,429, \$5,364,811 and \$5,276,997, 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.

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2011*

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 2, 2006, at 0.9866 mill for an additional five years, 2007 to 2011. 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.

Note 9 Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
General Obligation Bonds:					
2001 Limited Tax School Building and Site Bonds	\$ 540,000	\$ -	\$125,000	\$ 415,000	\$130,000
Notes Payable:					
Fifth Third Leasing Co. Telecommunication System	494,564	-	90,176	404,388	94,347
Fifth Third Bank Ten buses	-	768,828	-	768,828	256,276
D&R Products Inc. Xerox6180	<u>-</u>	<u>17,800</u>	<u>4,254</u>	<u>13,546</u>	<u>13,546</u>
	494,564	786,628	94,430	1,186,762	364,169
Other Liabilities:					
Compensated absences	3,432,728	339,862	143,694	3,628,896	48,514
Retirement incentive plan (VAIL)	<u>147,520</u>	<u>-</u>	<u>147,520</u>	<u>-</u>	<u>-</u>
	<u>3,580,248</u>	<u>339,862</u>	<u>291,214</u>	<u>3,628,896</u>	<u>48,514</u>
	<u>\$4,614,812</u>	<u>\$1,126,490</u>	<u>\$510,644</u>	<u>\$5,230,658</u>	<u>\$542,683</u>

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2011*

Note 9 Long-Term Debt (Continued)

Balance
June 30, 2011

Bonds Payable:

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

\$415,000

Notes Payable:

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

\$404,388

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

768,828

D&R Products Inc.: Term note, payable \$1,500 monthly, beginning April 1, 2011, including interest at 6.00%, due April 1, 2012, secured by equipment.

13,546

Total Notes Payable

\$1,186,762

Compensated absences payable represents vested benefits for unused vacation, sick and termination pay under formulas and conditions specified in various employment contracts. The retirement incentive payable represents amounts due to teachers who retired under the VAIL program.

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

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond Maturities</u>	<u>Total Requirements</u>
	<u>July 1</u>	<u>January 1</u>	<u>January 1</u>	
2012	\$0	\$9,552	\$130,000	\$139,552
2013	6,628	6,628	140,000	153,256
2014	3,407	3,407	145,000	151,814
	<u>\$10,035</u>	<u>\$19,587</u>	<u>\$415,000</u>	<u>\$444,622</u>

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2011*

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>
2012	\$494,169	\$28,607	\$522,776
2013	494,987	27,596	522,583
2014	504,553	16,589	521,142
2015	<u>108,053</u>	<u>4,998</u>	<u>113,051</u>
	<u>\$1,601,762</u>	<u>\$77,790</u>	<u>\$1,679,552</u>

Note 10 Lease Commitments

Capital Leases

The School District has entered into several capital leases for the purchase of equipment and a cold food vending machine. 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 cold food vending machine lease is payable from the Food Service Fund. The present value of the capital leases are:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$211,793
2013	206,092
2014	<u>1,149</u>
	419,034
Less: amount representing interest	<u>46,359</u>
Present value of future minimum lease payments	<u>\$372,675</u>
Cost of equipment	<u>\$1,940,742</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.

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 2010 property taxes were levied on December 1, 2010 on assessed valuations as of December 31, 2009. Taxes were collected beginning December 1, 2010 and payments were due by February 14, 2011. Taxable values are based on a percentage of the fair market value of the assessed property.

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements
Year Ended June 30, 2011*

Note 11 Property Taxes (Concluded)

The following is a summary of the 2010 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$711,848,336	18.0000	\$15,495,270
Commercial Personal Property	52,344,497	6.0000	314,067
Sinking Fund	1,757,711,496	1.0000	<u>1,757,711</u>
Total			<u>\$17,567,048</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, 2011, the School District incurred claims of \$37,031.

Note 13 Cafeteria Contract

During the fiscal year ended June 30, 2011, 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, 2011, 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, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2011</u>
State aid anticipation note	<u>\$1,100,000</u>	<u>\$12,000,000</u>	<u>\$11,591,426</u>	<u>\$1,508,574</u>

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

Note 15 Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, 2011.

MONROE PUBLIC SCHOOLS

Notes to Financial Statements
Year Ended June 30, 2011

Note 15 Contingencies (Concluded)

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.

REQUIRED SUPPLEMENTAL INFORMATION

MONROE PUBLIC SCHOOLS

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2011*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Local sources	\$17,021,820	\$16,681,560	\$16,734,773	\$53,213
State sources	31,270,885	32,016,073	32,263,574	247,501
Federal sources	5,109,057	5,323,849	4,662,421	(661,428)
Interdistrict and other sources	3,706,515	3,593,635	3,647,375	53,740
Total Revenues	57,108,277	57,615,117	57,308,143	(306,974)
Expenditures				
Instruction:				
Basic programs	27,854,007	26,693,252	26,246,540	446,712
Added needs	6,469,946	6,476,762	6,188,729	288,033
Support services:				
Pupil	2,772,345	2,364,178	2,324,987	39,191
Instructional staff	3,482,980	2,751,928	2,486,695	265,233
General administration	690,690	519,500	456,259	63,241
School administration	3,324,755	2,947,585	2,852,105	95,480
Business administration	1,312,365	1,153,370	1,108,623	44,747
Operation and maintenance	5,953,981	5,498,173	5,327,396	170,777
Pupil transportation	3,636,202	4,186,770	4,054,914	131,856
Central services	2,530,634	1,581,261	1,371,263	209,998
Athletics	792,255	829,310	797,493	
Community services	1,280,077	808,541	716,322	92,219
Interdistrict and other uses	66,630	122,614	47,076	75,538
Debt service:				
Principal retirement	764,297	577,154	577,020	134
Interest and fiscal charges	65,182	78,172	78,171	1
Total Expenditures	60,996,346	56,588,570	54,633,593	1,923,160
Excess (Deficiency) of Revenue Over Expenditures	(3,888,069)	1,026,547	2,674,550	1,648,003
Other Financing Sources (Uses)				
Proceeds from loans	794,620	786,628	786,628	0
Transfer to LEEOP	0	0	(72,402)	(72,402)
Operating transfers in	568,155	100,000	38,777	(61,223)
Operating transfers out	(568,155)	0	0	0
Total Other Financing Sources (Uses)	794,620	886,628	753,003	(133,625)
Net Change in Fund Balances	(3,093,449)	1,913,175	3,427,553	1,514,378
Fund Balances - Beginning of year	4,883,984	2,871,338	2,871,338	0
Fund Balances - End of year	\$1,790,535	\$4,784,513	\$6,298,891	\$1,514,378

MONROE PUBLIC SCHOOLS

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2011*

	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) Budget
Local Sources			
Property taxes	\$15,667,600	\$15,669,676	\$2,076
Tuition	6,500	6,625	125
Transportation fees	8,500	12,731	4,231
Interest income	22,000	22,530	530
Child care	246,200	264,009	17,809
Rental income	200,000	215,136	15,136
Community activities	148,500	148,274	(226)
Athletics	214,190	218,922	4,732
Other revenue	168,070	176,870	8,800
Total Local Sources	<u>16,681,560</u>	<u>16,734,773</u>	<u>53,213</u>
State Sources			
Unrestricted grants:			
Foundation	28,021,855	28,426,399	404,544
Renaissance zone	6,520	6,520	0
Restricted grants:			
At Risk	1,283,390	1,105,156	(178,234)
Great Start Readiness Preschool	313,868	312,282	(1,586)
Special education	2,100,980	2,130,324	29,344
Other state grants	167,190	165,621	(1,569)
Transfer from intermediate school district:			
Vocational education added costs	117,270	117,272	2
Bus driver safety	5,000	0	(5,000)
Total State Sources	<u>32,016,073</u>	<u>32,263,574</u>	<u>247,501</u>
Federal Sources			
Title I	1,848,720	1,492,014	(356,706)
ARRA Title I	363,810	304,193	(59,617)
Title II Improving teacher quality	521,938	417,264	(104,674)
ARRA Title II technology literacy challenge	22,420	19,453	(2,967)
Title III Limited english	178,757	57,638	(121,119)
ARRA State fiscal stabilization fund	745,927	745,927	0
Education jobs fund	1,422,607	1,422,607	0
SEMCA	75,000	70,419	(4,581)
Transfer from intermediate school district:			
Technical preparation	5,165	5,211	46
Medicaid outreach	13,000	15,455	2,455
Perkins	64,540	64,543	3
Homeless students' assistance	19,280	25,644	6,364
Homeless students' assistance ARRA	42,685	22,053	(20,632)
Total Federal Sources	<u>5,323,849</u>	<u>4,662,421</u>	<u>(661,428)</u>
Interdistrict and Other Sources			
Tuition	4,550	4,550	0
Transfer from intermediate school districts:			
County special education tax	2,034,570	2,034,570	0
Technology enhancement millage	1,541,915	1,595,655	53,740
Sale of capital assets	12,600	12,600	0
Proceeds from loans	786,628	786,628	0
Transfer from food service	100,000	38,777	(61,223)
Total Interdistrict and Other Sources	<u>4,480,263</u>	<u>4,472,780</u>	<u>(7,483)</u>
Total Revenues	<u><u>\$58,501,745</u></u>	<u><u>\$58,133,548</u></u>	<u><u>(\$368,197)</u></u>

MONROE PUBLIC SCHOOLS

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$8,536,294	\$4,939,202	\$235,039
Middle School	2,595,335	1,398,416	87,166
High School	3,908,356	2,073,275	230,206
Pre-School	193,957	94,140	3,552
Summer School	63,947	15,701	0
	<u>15,297,889</u>	<u>8,520,734</u>	<u>555,963</u>
Added Needs:			
Special education	2,288,139	1,107,786	32,909
Compensatory education	724,885	320,730	4,002
Vocational education	869,886	511,704	18,381
	<u>3,882,910</u>	<u>1,940,220</u>	<u>55,292</u>
Total Instruction	19,180,799	10,460,954	611,255
Support Services			
Pupil:			
Truency	13,756	1,052	0
Guidance	710,886	331,841	1,123
Health	43,193	42,720	2,676
Speech	443,034	242,150	0
Social work services	122,412	61,691	562
Teacher consultants	108,704	57,415	9
Other pupil services	87,650	24,582	24,586
	<u>1,529,635</u>	<u>761,451</u>	<u>28,956</u>
Instructional Staff:			
Improvement of instruction	904,654	517,878	121,462
Educational media services	67,734	38,299	987
Instruction related technology	0	0	21,845
Supervision and direction	377,176	202,793	68,004
Academic student assessment	0	0	14,909
	<u>1,349,564</u>	<u>758,970</u>	<u>227,207</u>
General Administration:			
Board of Education	13,350	1,021	152,954
Executive administration	197,745	67,104	4,764
	<u>211,095</u>	<u>68,125</u>	<u>157,718</u>
School Administration:			
Office of the principal	1,783,017	1,019,946	23,312
Business Administration:			
Fiscal services	346,276	212,914	17,099
Internal services	74,706	39,740	874
Other business services	0	0	33,284
	<u>420,982</u>	<u>252,654</u>	<u>51,257</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$441,921	\$4,807	\$4,534	\$14,161,797	\$14,327,201	\$165,404
39,414	1,136	1,405	4,122,872	4,158,116	35,244
95,444	4,420	1,270,899	7,582,600	7,722,436	139,836
1,984	0	0	293,633	322,625	28,992
5,990	0	0	85,638	162,874	77,236
584,753	10,363	1,276,838	26,246,540	26,693,252	446,712
822	1,044	0	3,430,700	3,465,100	34,400
144,603	0	0	1,194,220	1,427,699	233,479
153,218	0	10,620	1,563,809	1,583,963	20,154
298,643	1,044	10,620	6,188,729	6,476,762	288,033
883,396	11,407	1,287,458	32,435,269	33,170,014	734,745
0	0	0	14,808	15,560	752
2,903	0	0	1,046,753	1,059,864	13,111
39	0	1,827	90,455	97,510	7,055
93	0	0	685,277	687,920	2,643
83	0	0	184,748	193,724	8,976
0	0	0	166,128	169,250	3,122
0	0	0	136,818	140,350	3,532
3,118	0	1,827	2,324,987	2,364,178	39,191
22,335	0	0	1,566,329	1,746,413	180,084
9,428	0	0	116,448	130,960	14,512
93,254	0	14,375	129,474	144,345	14,871
7,965	0	3,597	659,535	715,210	55,675
0	0	0	14,909	15,000	91
132,982	0	17,972	2,486,695	2,751,928	265,233
187	0	17,100	184,612	244,050	59,438
956	0	1,078	271,647	275,450	3,803
1,143	0	18,178	456,259	519,500	63,241
6,436	10,632	8,762	2,852,105	2,947,585	95,480
2,436	0	18,325	597,050	659,000	61,950
78,839	21,450	0	215,609	234,420	18,811
0	0	262,680	295,964	259,950	(36,014)
81,275	21,450	281,005	1,108,623	1,153,370	44,747

MONROE PUBLIC SCHOOLS

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Support Services (Concluded)			
Operating Buildings Services:			
Operation and maintenance	\$1,798,386	\$1,189,686	\$719,796
Security services	0	0	349,753
	<u>1,798,386</u>	<u>1,189,686</u>	<u>1,069,549</u>
Pupil transportation	1,411,959	997,172	567,520
Central Services:			
Planning, research, development and evaluation	19,889	15,111	0
Communication services	0	0	75,473
Staff/Personnel services	94,672	72,889	53,538
Technology	306,264	187,199	360,995
Pupil accounting	35,191	13,586	13
	<u>456,016</u>	<u>288,785</u>	<u>490,019</u>
Athletics	250,565	111,148	319,713
Total Support Services	<u>9,211,219</u>	<u>5,447,937</u>	<u>2,935,251</u>
Community Services			
Community recreation	54,068	28,228	56,462
Community activities	0	0	0
Custody and care of children	249,788	89,865	5,969
Non-Public school pupils	132,596	61,896	3,758
Total Community Services	<u>436,452</u>	<u>179,989</u>	<u>66,189</u>
Interdistrict and Other Uses			
Other	0	0	0
Debt Service			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	28,828,470	16,088,880	3,612,695
Other Financing Uses			
Fund modifications:			
Transfer to LEEOP	0	0	0
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures and Other Financing Uses	<u>\$28,828,470</u>	<u>\$16,088,880</u>	<u>\$3,612,695</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$1,231,812	\$33,359	\$470	\$4,973,509	\$5,132,173	\$158,664
4,134	0	0	353,887	366,000	12,113
1,235,946	33,359	470	5,327,396	5,498,173	170,777
304,477	772,315	1,471	4,054,914	4,186,770	131,856
0	0	0	35,000	44,183	9,183
116	0	673	76,262	87,980	11,718
1,499	336	1,858	224,792	242,129	17,337
38,229	48,322	44,430	985,439	1,153,189	167,750
980	0	0	49,770	53,780	4,010
40,824	48,658	46,961	1,371,263	1,581,261	209,998
98,905	834	16,328	797,493	829,310	31,817
1,905,106	887,248	392,974	20,779,735	21,832,075	1,052,340
7,278	0	0	146,036	156,850	10,814
18,852	0	0	18,852	29,482	10,630
3,293	0	600	349,515	377,950	28,435
3,669	0	0	201,919	244,259	42,340
33,092	0	600	716,322	808,541	92,219
0	0	47,076	47,076	122,614	75,538
0	0	577,020	577,020	577,154	134
0	0	78,171	78,171	78,172	1
0	0	655,191	655,191	655,326	135
2,821,594	898,655	2,383,299	54,633,593	56,588,570	1,954,977
0	0	72,402	72,402	0	(72,402)
0	0	72,402	72,402	0	(72,402)
<u>\$2,821,594</u>	<u>\$898,655</u>	<u>\$2,455,701</u>	<u>\$54,705,995</u>	<u>\$56,588,570</u>	<u>\$1,882,575</u>

OTHER SUPPLEMENTAL INFORMATION

MONROE PUBLIC SCHOOLS

*Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Property taxes	\$1,874,935	\$1,753,600	\$1,753,781	\$181
Interest income	16,900	7,600	8,331	731
Total Revenues	1,891,835	1,761,200	1,762,112	912
Expenditures				
Capital Outlay:				
Building improvements	2,538,000	2,581,500	2,359,045	222,455
Total Expenditures	2,538,000	2,581,500	2,359,045	222,455
Net Change in Fund Balance	(646,165)	(820,300)	(596,933)	223,367
Fund Balance - Beginning of year	4,727,227	4,727,227	4,727,227	0
Fund Balance - End of year	\$4,081,062	\$3,906,927	\$4,130,294	\$223,367

MONROE PUBLIC SCHOOLS

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011*

	<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	\$988,630	\$0	\$4,882	\$993,512
Accounts receivable	33,142	0	0	33,142
Due from other governmental units	85,348	0	0	85,348
Inventory	15,199	0	0	15,199
Prepays	250	0	0	250
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$1,122,569</u>	<u>\$0</u>	<u>\$4,882</u>	<u>\$1,127,451</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$132,184	\$0	\$0	\$132,184
Salaries payable	8	0	0	8
Due to other governmental units	388	0	0	388
Other liabilities	2	0	0	2
Deferred revenue	15,561	0	0	15,561
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	148,143	0	0	148,143
Fund Balances				
Nonspendable:				
Inventory	15,199	0	0	15,199
Prepays	250	0	0	250
Assigned to:				
Food service	958,977	0	0	958,977
Capital projects	0	0	4,882	4,882
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	974,426	0	4,882	979,308
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$1,122,569</u>	<u>\$0</u>	<u>\$4,882</u>	<u>\$1,127,451</u>

MONROE PUBLIC SCHOOLS

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2011*

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	Food Service	Debt Retirement	Building and Site Fund	Total Nonmajor Governmental Funds
Revenues				
Local sources	\$937,048	\$0	\$6	\$937,054
State sources	113,099	0	0	113,099
Federal sources	1,690,150	0	0	1,690,150
Total Revenues	<u>2,740,297</u>	<u>0</u>	<u>6</u>	<u>2,740,303</u>
Expenditures				
Food service	2,554,891	0	0	2,554,891
Debt service	0	147,130	0	147,130
Total Expenditures	<u>2,554,891</u>	<u>147,130</u>	<u>0</u>	<u>2,702,021</u>
Excess (Deficiency) of Revenues Over Expenditures	185,406	(147,130)	6	38,282
Other Financing Sources (Uses)				
Transfer from Mason Consolidated	0	147,130	0	147,130
Operating transfers out	(38,777)	0	0	(38,777)
Total Other Financing Sources (Uses)	<u>(38,777)</u>	<u>147,130</u>	<u>0</u>	<u>108,353</u>
Net Change in Fund Balances	146,629	0	6	146,635
Fund Balances - Beginning of year	827,797	0	4,876	832,673
Fund Balances - End of year	<u>\$974,426</u>	<u>\$0</u>	<u>\$4,882</u>	<u>\$979,308</u>

MONROE PUBLIC SCHOOLS

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Food sales	\$1,008,100	\$897,500	\$932,401	\$34,901
Interest income	1,300	600	690	90
Other	37,300	3,500	3,957	457
Total Local Sources	1,046,700	901,600	937,048	35,448
State Sources:				
Restricted grants	166,380	113,095	113,099	4
Federal Sources:				
Restricted grants	1,415,000	1,469,000	1,511,266	42,266
Commodities	170,000	170,000	178,884	8,884
Total Federal Sources	1,585,000	1,639,000	1,690,150	51,150
Total Revenues	2,798,080	2,653,695	2,740,297	86,602
Expenditures				
Food Service:				
Salaries	142,220	134,500	130,779	3,721
Employee benefits	34,400	37,600	36,708	892
Purchased services	1,138,200	2,187,400	2,202,135	(14,735)
Supplies and materials	1,288,000	143,000	152,200	(9,200)
Capital outlay	20,000	30,000	26,841	3,159
Other	8,350	5,925	6,228	(303)
Total Expenditures	2,631,170	2,538,425	2,554,891	(16,466)
Excess (Deficiency) of Revenue Over Expenditures	166,910	115,270	185,406	70,136
Other Financing Sources (Uses)				
Operating transfers out	0	(100,000)	(38,777)	61,223
Net Change in Fund Balance	166,910	15,270	146,629	131,359
Fund Balance - Beginning of year	827,797	827,797	827,797	0
Fund Balance - End of year	\$994,707	\$843,067	\$974,426	\$131,359

MONROE PUBLIC SCHOOLS

*Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal	120,000	125,000	125,000	0
Interest and fees	27,485	22,155	22,130	25
Total Expenditures	147,485	147,155	147,130	25
Excess (Deficiency) of Revenues Over Expenditures	(147,485)	(147,155)	(147,130)	(25)
Other Financing Sources				
Transfer from Mason Consolidated	147,485	147,155	147,130	(25)
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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Interest income	\$5	\$5	\$6	\$1
Expenditures	0	0	0	0
Net Change in Fund Balance	5	5	6	1
Fund Balance - Beginning of year	4,876	4,876	4,876	0
Fund Balance - End of year	<u>\$4,881</u>	<u>\$4,881</u>	<u>\$4,882</u>	<u>\$1</u>

NONEXPENDABLE PRIVATE-PURPOSE TRUST FUNDS

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

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

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

Monroe Public Schools Scholarship Fund - Established November 30, 1982, to account for contributions received for the purpose of awarding scholarships for post-high school education. There is a nonexpendable endowment of \$104,044.

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

Rye Scholarship Fund - Established in May of 1990, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$16,224.

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

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

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

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

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

Scholarship Endowment - Established December 17, 1999, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$5,039.

Robert Worden Scholarship - Established August 31, 2001, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$29,262.

Kosa Scholarship Endowment Fund – Established September 1, 2006, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$1,499.

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.

MONROE PUBLIC SCHOOLS

*Private-Purpose Trust Funds
Combining Balance Sheet
June 30, 2011*

	Monroe Public									
	Alda K. Knapp	Manning Sill	Christiarcy	Scholarship	June R. Heck Scholarship	Rye Scholarship	Milligan Scholarship	Werthenberger Scholarship	Child Wellness	Krabusch Scholarship
Cash	\$88,449	\$11,768	\$656	\$128,937	\$55,704	\$16,345	\$29,709	\$30,225	\$14,629	\$85,831
Receivables:										
Loans	780	0	0	0	0	0	0	0	0	0
Total Assets	<u>\$89,229</u>	<u>\$11,768</u>	<u>\$656</u>	<u>\$128,937</u>	<u>\$55,704</u>	<u>\$16,345</u>	<u>\$29,709</u>	<u>\$30,225</u>	<u>\$14,629</u>	<u>\$85,831</u>
NET ASSETS										
Reserved for loans receivable	\$780	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserved for endowments	10,000	4,540	1,000	104,044	50,000	16,224	29,486	30,000	7,477	66,476
Unreserved	78,449	7,228	(344)	24,893	5,704	121	223	225	7,152	19,355
Total Net Assets	<u>\$89,229</u>	<u>\$11,768</u>	<u>\$656</u>	<u>\$128,937</u>	<u>\$55,704</u>	<u>\$16,345</u>	<u>\$29,709</u>	<u>\$30,225</u>	<u>\$14,629</u>	<u>\$85,831</u>

MONROE PUBLIC SCHOOLS

*Nonexpendable Private-Purpose Trust Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2011*

	Alida K. Knapp	Manning Sill	Christianacy	Monroe Public Schools Scholarship	June R. Heck Scholarship	Rye Scholarship	Milligan Scholarship
Revenues							
Local Sources:							
Private donations	\$0	\$0	\$0	\$15,672	\$0	\$0	\$0
Interest income	560	77	4	911	355	121	222
Total Revenues	560	77	4	16,583	355	121	222
Expenditures							
Scholarships/other	0	335	0	15,711	600	48	345
Excess (Deficiency) of Revenues over Expenditures	560	(258)	4	872	(245)	73	(123)
Net Assets - Beginning of year	88,669	12,026	652	128,065	55,949	16,272	29,832
Net Assets - End of year	<u>\$89,229</u>	<u>\$11,768</u>	<u>\$656</u>	<u>\$128,937</u>	<u>\$55,704</u>	<u>\$16,345</u>	<u>\$29,709</u>

Wertemberger Scholarship	Child Wellness	Knabusch Scholarship	Kuttsche Scholarship	Scholarship Endowment	Robert Worden Scholarship	Kosa Scholarship	Totals
\$0	\$0	\$0	\$0	\$0	\$2,300	\$8,000	\$25,972
225	94	562	133	62	173	34	3,533
225	94	562	133	62	2,473	8,034	29,505
89	219	4,000	1,000	4,318	1,000	8,000	35,665
136	(125)	(3,438)	(867)	(4,256)	1,473	34	(6,160)
30,089	14,754	89,269	21,177	9,840	27,917	9,465	533,976
<u>\$30,225</u>	<u>\$14,629</u>	<u>\$85,831</u>	<u>\$20,310</u>	<u>\$5,584</u>	<u>\$29,390</u>	<u>\$9,499</u>	<u>\$527,816</u>

MONROE PUBLIC SCHOOLS

*Expendable Private-Purpose Trust Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2011*

	<u>Valor</u>	<u>Lincoln Scholarship</u>	<u>Epps Scholarship</u>	<u>Donald Packer Memorial Scholarship</u>
Revenues				
Local sources:				
Private donations	\$0	\$0	\$100	\$2,000
Interest income	<u>7</u>	<u>73</u>	<u>0</u>	<u>0</u>
Total Revenues	7	73	100	2,000
Expenditures				
Scholarships/other	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues over Expenditures	7	(927)	100	1,000
Net Assets - Beginning of year	<u>1,053</u>	<u>12,509</u>	<u>0</u>	<u>0</u>
Net Assets - End of year	<u><u>\$1,060</u></u>	<u><u>\$11,582</u></u>	<u><u>\$100</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>Totals</u>
\$72,402	\$0	\$1,000	\$75,502
223	171	42	516
72,625	171	1,042	76,018
0	1,200	1,000	4,200
0	1,200	1,000	4,200
72,625	(1,029)	42	71,818
34,983	23,481	7,116	79,142
<u>\$107,608</u>	<u>\$22,452</u>	<u>\$7,158</u>	<u>\$150,960</u>

MONROE PUBLIC SCHOOLS

Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS				
Cash	<u>\$271,588</u>	<u>\$442,313</u>	<u>\$451,068</u>	<u>\$262,833</u>
 LIABILITIES				
Due to student groups	<u>\$271,588</u>	<u>\$442,313</u>	<u>\$451,068</u>	<u>\$262,833</u>

MONROE PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2011*

	Due to (From) Student Groups <u>June 30, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) Student Groups <u>June 30, 2011</u>
Monroe High School:				
Schultz Memorial	\$79	\$0	\$0	\$79
Class of 2012	1,552	2,145	1,415	2,282
AP Biology	0	399	320	79
Football Coaches	1,330	15,699	11,709	5,320
Class of 2009	666	0	0	666
Sticker Money	4,196	6,005	6,550	3,651
Monroe High Trap Club	0	1,115	892	223
Highlighter	27,661	9,162	10,304	26,519
Instrumental Music	7,435	2,695	3,807	6,323
Choir	55	1,978	1,765	268
BPA	956	1,401	1,498	859
Spanish Club	8,083	0	8,033	50
Student Council	2,311	16,762	11,092	7,981
Close-Up	379	0	0	379
Lotus Leaf	1,145	320	883	582
FUEL	157	26	26	157
National Honor Society	2,001	1,154	472	2,683
Orchestra	3	30	30	3
Lifetime Wellness	1,636	11,310	11,297	1,649
Ski Club	46	45	0	91
DECA	1,819	5,429	5,200	2,048
FIZIX	313	0	71	242
Drama Club	6,711	5,189	3,943	7,957
"S" Club	7	394	73	328
Misc. Income	7,649	2,946	704	9,891
Advanced Placement	4,276	12,593	11,757	5,112
Main Office	8	4,060	3,376	692
Library	139	980	1,018	101
Tests	129	3,009	3,027	111
Sunshine Fund	142	1,155	713	584
CLD	0	432	297	135
Cash for Check	753	23,132	22,335	1,550
Cash Advance	0	2,000	2,000	0
Locks	1,501	0	0	1,501
Sales Tax	154	417	377	194
MHS Renaissance	2,100	1,179	937	2,342
Testing Out	20	60	0	80
National Tech Honor Society	246	2,629	926	1,949

MONROE PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2011*

	Due to (From) Student Groups June 30, 2010	Receipts	Disbursements	Due to (From) Student Groups June 30, 2011
Monroe High School (Continued):				
Class of 2008	\$7,532	\$75	\$0	\$7,607
Phys ED	310	0	267	43
FCCLA	545	0	0	545
Pep Club	1,945	681	996	1,630
Tech Club	7,821	22,842	22,067	8,596
Chess Club	118	0	0	118
HOSA	898	4,036	4,320	614
Athletic Department	3,451	10,512	8,701	5,262
Music Department	2,876	773	2,280	1,369
Seam Rippers	939	701	771	869
English Club	164	0	0	164
Special Projects	8,705	11,760	14,909	5,556
Gay Straight Alliance	620	491	235	876
Art Club	89	382	184	287
Home Builders Association	648	775	133	1,290
S.O.M.A.D.	108	0	108	0
Ecology	52	0	0	52
Red Hat	101	102	0	203
International Cultures	963	5,686	5,924	725
Calculus	498	2,646	2,489	655
Class of 2011	11,234	47,075	55,888	2,421
Young Democrats	1,191	442	622	1,011
Patriot	50	0	0	50
Trojan Pride Art & Craft Show	957	0	0	957
Trojan Tidings	0	3,494	3,411	83
Trojan Den	902	4,400	5,258	44
WARP	209	667	180	696
MHS Interact	105	945	281	769
Ketronix Trojan Robotics	7,061	0	7,061	0
Class of 2010	560	9	9	560
2001 Reunion	4,403	0	0	4,403
2002 Reunion	4,684	0	0	4,684
2003 Reunion	2,858	0	0	2,858
2004 Reunion	8,722	0	0	8,722
2005 Reunion	1,681	0	0	1,681
2006 Reunion	8,341	0	0	8,341
Anime Club	72	1,028	950	150
Broadcasting Club	100	0	0	100

MONROE PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2011*

	Due to (From) Student Groups June 30, 2010	Receipts	Disbursements	Due to (From) Student Groups June 30, 2011
Monroe High School (Concluded):				
MHS All Sports	\$129	\$0	\$0	\$129
MHS Baseball	29	2,760	2,700	89
MHS Boys Basketball	72	330	0	402
MHS Golf	1,195	255	913	537
MHS Boys Swimming	967	2,201	0	3,168
MHS Boys Track	2,714	9,708	11,430	992
MHS Cheerleading	1,872	14,618	14,699	1,791
MHS Cross Country	1,750	255	1,946	59
MHS Competitive Cheer	781	12,521	10,052	3,250
MHS Girls Basketball	2,884	7,270	10,103	51
MHS Girls Golf	579	100	385	294
MHS Girls Swimming	2,562	6,288	5,420	3,430
MHS Girls Track	536	50	549	37
MHS Softball	8,221	1,300	2,993	6,528
MHS Bowling	0	550	550	0
MHS Tennis	2	2,339	2,341	0
MHS Volleyball	1,717	2,090	1,540	2,267
	<u>203,181</u>	<u>318,007</u>	<u>329,512</u>	<u>191,676</u>
Monroe Middle School:				
Board of Education	5,691	0	0	5,691
Lock Fund	342	0	0	342
Renaissance	867	1,463	1,313	1,017
Special Projects	20,620	32,582	37,788	15,414
Staff Flower Fund	131	182	50	263
Lounge Pop Fund	519	1,702	1,311	910
Choir	402	10,117	9,895	624
Orchestra	2,028	7,328	7,572	1,784
Yearbook	3,399	8,321	4,052	7,668
Band	1,065	10,505	10,703	867
Book Club	509	55	0	564
Booster Club	375	0	0	375
Student Council	4,886	8	0	4,894
Needy Student	112	62	129	45
Media Center	4,816	5,787	6,504	4,099
Theatre	1,753	1,103	1,318	1,538
Postage	346	0	0	346
Class Trip - 8th Grade	1,312	2,257	3,089	480
NJHS	536	1,302	1,673	165
LEGO	2,509	0	257	2,252
Cheerleading	0	689	0	689
Track	0	621	0	621
	<u>52,218</u>	<u>84,084</u>	<u>85,654</u>	<u>50,648</u>

MONROE PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2011*

	Due to (From) Student Groups June 30, 2010	Receipts	Disbursements	Due to (From) Student Groups June 30, 2011
Main Office:				
Elementary Student Councils	\$1,609	\$738	\$567	\$1,780
Waterloo Special Account	(6,560)	12	500	(7,048)
Beverage Consortium	14,169	26,795	20,886	20,078
Custer Yearbooks	781	7,968	8,749	0
Positive Action	538	357	400	495
Comm Ed/MS Athletics	51	0	0	51
Riverside Kids Club	435	0	435	0
Summer Kids Club Fundraising	127	0	127	0
Sunshine Fund	399	0	0	399
Rainbow Fundraising	1,481	1,487	1,731	1,237
Arborwood Kids Club	25	252	277	0
Custer Kids Club	193	67	260	0
Raisinville Kids Club	2	0	2	0
Nevaeh Memorial	2,023	775	1,740	1,058
Promise Project	860	0	0	860
Waterloo Recycling	56	647	228	475
Building The Best - MPS	0	1,124	0	1,124
	<u>16,189</u>	<u>40,222</u>	<u>35,902</u>	<u>20,509</u>
	<u>\$271,588</u>	<u>\$442,313</u>	<u>\$451,068</u>	<u>\$262,833</u>

MONROE PUBLIC SCHOOLS

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Technology enhancement millage	\$1,666,400	\$1,541,915	\$1,595,655	\$53,740
Total Revenues	1,666,400	1,541,915	1,595,655	53,740
Expenditures				
Salaries	323,400	282,760	279,524	3,236
Fringe benefits	168,650	185,155	179,905	5,250
Purchased services	403,000	413,500	338,585	74,915
Supplies	88,500	32,250	37,716	(5,466)
Capital outlay	73,500	101,864	11,812	90,052
Other	619,450	526,386	526,007	379
Total Expenditures	1,676,500	1,541,915	1,373,549	168,366
Net Change in Fund Balance	(10,100)	0	222,106	222,106
Fund Balance - Beginning of year	9,498	9,498	9,498	0
Fund Balance - End of year	(\$602)	\$9,498	\$231,604	\$222,106

MONROE PUBLIC SCHOOLS

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Admissions	\$58,590	\$67,290	\$69,754	\$2,464
Participation fees	126,710	142,400	142,768	368
Donations	38,800	4,500	6,400	1,900
Total Revenues	<u>\$224,100</u>	<u>\$214,190</u>	<u>\$218,922</u>	<u>\$4,732</u>
Expenditures				
Salaries	271,650	260,450	250,565	9,885
Employee benefits	107,930	112,810	111,148	1,662
Purchased services	276,600	320,150	319,713	437
Supplies and materials	83,000	114,300	98,905	15,395
Capital outlay	30,875	2,500	834	1,666
Other	22,200	19,100	16,328	2,772
Total Expenditures	<u>\$792,255</u>	<u>\$829,310</u>	<u>\$797,493</u>	<u>\$31,817</u>

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

MONROE PUBLIC SCHOOLS

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2010
<u>U.S. Department of Education</u>			
Passed Through State Dept. of Education:			
Title I - 101530-0910	84.010	\$1,501,474	\$216,362
- 111530-1011	84.010	1,694,936	0
- 111520-1011	84.010	3,000	0
		<u>3,199,410</u>	<u>216,362</u>
ARRA Title I, Part A - 101535-0910	84.389	598,761	47,875
ARRA Title I, Part A - 111535-1011	84.389	295,321	0
		<u>894,082</u>	<u>47,875</u>
ARRA Title II Technology Literacy Challenge - 104295-0910	84.386	26,256	0
ARRA Title II Technology Literacy Challenge - 114295-1011	84.386	11,763	0
		<u>38,019</u>	<u>0</u>
Title II Improving Teacher Quality - 100520-0910	84.367	483,221	78,142
- 110520-1011	84.367	492,055	0
		<u>975,276</u>	<u>78,142</u>
Title III Limited English - 100580-0910	84.365A	96,361	4,203
- 110580-1011	84.365A	172,602	0
		<u>268,963</u>	<u>4,203</u>
ARRA State Fiscal Stabilization Fund - 102525-0910	84.394	1,841,046	0
- 112525-1011	84.394	745,927	0
		<u>2,586,973</u>	<u>0</u>
Education Jobs Fund - 112545-1011	84.410	1,422,607	0
Total Passed Through State Dept. of Education		9,385,330	346,582
Passed Through Intermediate School Districts:			
Drug Free Schools - 102860-0910	84.186	11,721	11,721
Technology Preparation Education - 113540/11425	84.243A	5,211	0

See accompanying notes to this schedule.

<u>Prior Year Expenditures (Memo Only)</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue June 30, 2011</u>
\$1,268,366	\$150,785	\$367,147	\$0
0	1,338,229	763,402	574,827
0	3,000	3,000	0
<u>1,268,366</u>	<u>1,492,014</u>	<u>1,133,549</u>	<u>574,827</u>
234,947	68,492	116,367	0
0	235,701	134,102	101,599
<u>234,947</u>	<u>304,193</u>	<u>250,469</u>	<u>101,599</u>
3,836	10,656	10,656	0
0	8,797	7,503	1,294
<u>3,836</u>	<u>19,453</u>	<u>18,159</u>	<u>1,294</u>
431,873	29,883	108,025	0
0	387,381	218,557	168,824
<u>431,873</u>	<u>417,264</u>	<u>326,582</u>	<u>168,824</u>
18,572	6,155	10,358	0
0	51,483	9,062	42,421
<u>18,572</u>	<u>57,638</u>	<u>19,420</u>	<u>42,421</u>
1,841,046	0	0	0
0	745,927	417,440	328,487
<u>1,841,046</u>	<u>745,927</u>	<u>417,440</u>	<u>328,487</u>
0	1,422,607	578,943	843,664
<u>3,798,640</u>	<u>4,459,096</u>	<u>2,744,562</u>	<u>2,061,116</u>
0	0	11,721	0
0	5,211	3,266	1,945

MONROE PUBLIC SCHOOLS

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2010
Passed Through Intermediate School Districts: (Concluded)			
Perkins II -			
Vocational Education - 0012-25 09/10	84.048A	\$70,531	\$32,545
- 0012-25 10/11	84.048A	64,543	0
		135,074	32,545
Homeless Students' Assistance Grant - 102320-0910	84.196A	23,386	18,428
- 112320-1011	84.196A	19,282	0
		42,668	18,428
ARRA Education for Homeless Children & Youth Grant - 102325-0910	84.387A	40,685	4,709
ARRA Education for Homeless Children & Youth Grant - 102325-0911	84.387A	35,976	0
		76,661	4,709
Total Passed Through Intermediate School Districts		271,335	67,403
Total U.S. Department of Education		9,656,665	\$413,985
<u>U.S. Department of Health and Human Services</u>			
Passed Through Intermediate School District			
Medicaid Outreach	93.778	15,455	\$0
Passed Through Southeast Michigan Community Alliance:			
Substance Abuse and Mental Health Services			
PA 2 - 09/10	93.959	75,000	13,038
- 10/11	93.959	75,000	0
		150,000	13,038
Total U.S. Dept. of Health and Human Services		165,455	\$13,038
<u>U.S. Department of Agriculture</u>			
Passed Through State Dept. of Education:			
National School Lunch Program			
101950 All Lunches	10.555	154,303	\$5,194
111950 All Lunches	10.555	142,958	0
101960 Free & Reduced	10.555	1,014,551	33,833
111960 Free & Reduced	10.555	912,281	0
101980 Snack	10.555	5,626	216
11980 Snack	10.555	7,035	0
		2,236,754	39,243

See accompanying notes to this schedule.

MONROE PUBLIC SCHOOLS

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2010
<u>U.S. Department of Agriculture</u>			
Passed Through State Dept. of Education:			
National School Lunch Program (Concluded)			
101970 Breakfast	10.553	\$316,744	\$13,644
111970 Breakfast	10.553	286,633	0
		<u>603,377</u>	<u>13,644</u>
		2,840,131	52,887
Entitlements	10.555	<u>178,884</u>	<u>0</u>
Total Passed Through State Dept. of Agriculture		<u>3,019,015</u>	<u>\$52,887</u>
Total Federal Financial Assistance		<u>\$15,681,266</u>	

See accompanying notes to this schedule.

<u>Prior Year Expenditures (Memo Only)</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue June 30, 2011</u>
\$283,875	\$32,869	\$46,513	\$0
0	286,633	269,713	16,920
<u>283,875</u>	<u>319,502</u>	<u>316,226</u>	<u>16,920</u>
1,333,734	1,511,266	1,497,892	66,261
0	178,884	178,884	0
<u>\$1,333,734</u>	<u>1,690,150</u>	<u>\$1,676,776</u>	<u>\$66,261</u>
	<u>\$6,352,571</u>		

MONROE PUBLIC SCHOOLS

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011*

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

4. **SUBRECIPIENTS**

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

<u>Program Title/Project Number Subrecipient Name</u>	<u>CFDA Number</u>	<u>Current Year Cash Transferred to Subrecipients</u>
Title III Limited English	84.365A	
Airport Community Schools		\$3,640
Bedford Public Schools		1,060
Dexter Schools		696
Fowlerville Schools		334
Ida Public Schools		16,597
Manchester Schools		507
Milan Schools		1,842
Saline Area Schools		21,389
Willow Run Schools		1,009
		<u>\$47,074</u>

MONROE PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

SUMMARY OF AUDIT RESULTS:

1. The auditors report expresses an unqualified opinion on the financial statements of Monroe Public Schools.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Monroe Public Schools which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for Title I, ARRA Title I, ARRA State Fiscal Stabilization Fund, Title IIA, and Education Jobs expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Monroe Public Schools.
7. The programs tested as major programs include the Title I (CFDA #84.010), ARRA Title I (CFDA # 84.389), ARRA State Fiscal Stabilization Fund (CFDA #84.394), Title IIA (CFDA #84.367), and Education Jobs (CFDA # 84.410).
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures between \$100,000 and \$300,000.
9. Monroe Public Schools was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None



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P. L. L. C. Certified Public Accountants

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Board of Education
Monroe Public Schools
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools as of and for the year ended June 30, 2011, 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 for the purpose of expressing our opinion 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 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. 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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 15, 2011



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

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September 15, 2011

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, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 7, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Monroe Public Schools are described in Note 2 to the financial statements. During 2011, Monroe Public Schools implemented Governmental Accounting Standard Board Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

To the Board of Directors
Monroe Public Schools

-2-

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 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, professional standards define a disagreement with management as 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 15, 2011.

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

-3-

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

Very truly yours,

Cooley Hell Wohlgamuth & Carlton