

**MONROE PUBLIC SCHOOLS**  
Monroe, Michigan

**ANNUAL FINANCIAL REPORT**  
June 30, 2012

MONROE PUBLIC SCHOOLS

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June 30, 2012

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**MONROE PUBLIC SCHOOLS**

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

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

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

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

### Independent Auditor's Report

Board of Education  
Monroe Public Schools  
Monroe, Michigan 48162

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, 2012, 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, 2012, 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 20, 2012, 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 20, 2012



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

James R. Cooley, CPA  
David K. Hehl, CPA  
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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, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 20, 2012. 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

Management of Monroe Public Schools is responsible for establishing and maintaining effective 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.

Board of Education  
Monroe Public Schools

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.

*Cooley Hehl Wohlgamuth + Carlton*

September 20, 2012



**COOLEY HEHL  
WOHLGAMUTH & CARLTON**  
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James R. Cooley, CPA  
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Certified Public Accountants

**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, 2012. 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, 2012.

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.

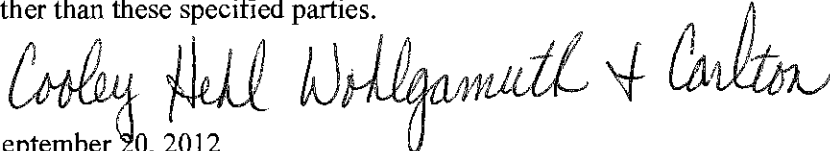


Internal Control Over Compliance (Concluded)

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.



September 20, 2012

# MONROE PUBLIC SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2012*

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This section of Monroe Public Schools annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2012. 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, 2012*

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#### **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, 2012*

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**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, 2012 and 2011:

**Table 1**

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

	Governmental Activities	
	2012	2011
Current and other assets	\$17.9	\$20.4
Capital assets	19.7	18.9
<b>Total Assets</b>	<b>37.6</b>	<b>39.3</b>
Current and other liabilities	10.2	9.3
Long-term liabilities	4.8	4.9
<b>Total Liabilities</b>	<b>15.0</b>	<b>14.2</b>
Net Assets		
Invested in capital assets, net of related debt	17.6	17.4
Restricted for technology enhancement	0.1	0.2
Restricted for capital projects	3.7	4.1
Restricted for food service	1.0	1.0
Unrestricted	0.2	2.4
<b>Total Net Assets</b>	<b>\$22.6</b>	<b>\$25.1</b>

As depicted in Table 1, the School District's net assets were \$22.6 million at June 30, 2012. Of this amount, \$0.2 million 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, 2012.

**MONROE PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2012*

**District-Wide Financial Analysis - Concluded**

**Table 2**

		<b>Governmental Activities</b>	
		<u>2012</u>	<u>2011</u>
<b>Revenues</b>			
Program revenues:			
Charges for services		\$1.7	\$1.8
Federal grants		4.3	6.4
State and local revenue		<u>6.3</u>	<u>6.0</u>
		12.3	14.2
General revenues:			
Property taxes		19.1	19.0
State foundation allowance		26.4	28.4
Other general revenues		<u>0.2</u>	<u>0.1</u>
		<u>45.7</u>	<u>47.5</u>
<b>Total Revenues</b>		<b>58.0</b>	<b>61.7</b>
<b>Functions/Program Expenses</b>			
Instruction		32.4	32.4
Support services		23.1	20.7
Community services		0.6	0.7
Food services		2.8	2.5
Interest on long-term debt		0.1	0.1
Depreciation		<u>1.5</u>	<u>1.2</u>
<b>Total Expenses</b>		<b><u>60.5</u></b>	<b><u>57.6</u></b>
<b>Increase (Decrease) in Net Assets</b>		<b><u><u>(\$2.5)</u></u></b>	<b><u><u>\$4.1</u></u></b>

As indicated in Table 2, the cost of *all governmental* activities this year was \$60.5 million. Of this amount, \$12.3 million was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced a decrease in net assets of \$2.5 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, 2012*

**Fund Financial Analysis**

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$8,564,715, which is an decrease of \$2,854,876 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund balances - Beginning of year</b>	\$6,309,989	\$4,130,294	\$979,308	\$11,419,591
Increase (decrease)	<u>(2,467,594)</u>	<u>(368,157)</u>	<u>(19,125)</u>	<u>(2,854,876)</u>
<b>Fund balances – End of year</b>	<u>\$3,842,395</u>	<u>\$3,762,137</u>	<u>\$960,183</u>	<u>\$8,564,715</u>

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percent Change</u>
<b>Revenues</b>			
Local sources	\$16,969,630	\$16,734,773	1.4 %
State sources	30,650,205	32,263,574	(5.0)%
Federal sources	2,488,057	4,662,421	(46.6)%
Interdistrict and other sources	3,341,340	3,647,375	(8.4)%
Other financing sources	<u>1,414,886</u>	<u>825,405</u>	71.4 %
	<u>\$54,864,118</u>	<u>\$58,133,548</u>	(5.6)%

There is a 46.6% decrease in Federal sources from 2011 to 2012. This decrease is attributed to significant decrease to ARRA funding and the Education jobs funds of approximately \$167,537. There is a 71.4% increase in other financing sources from 2011 to 2012. This increase of \$589,481 is attributed to technology equipment financing in 2012 that was greater than the bus financing in 2011. On the following page, the table reflects an increase of 33.7% in interdistrict and other uses which is due to more Title III grant funds being requested by other school districts in 2012. Monroe Public Schools serves as the fiscal agent for this grant. There is also a 42.4% increase in debt from 2011 to 2012 due to an increase in capital lease. The decrease in operating transfers out is due to a transfer to LEEOP in the prior year, which did not occur in the current year.

**MONROE PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2012*

**Fund Financial Analysis – Concluded**

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percent Change</u>
<b>Expenditures</b>			
Instruction	\$32,941,298	\$32,435,269	1.6 %
Support services	22,015,401	19,982,242	10.2 %
Community services	590,959	716,322	(17.5)%
Athletics	787,949	797,493	(1.2)%
Interdistrict and other uses	62,943	47,076	33.7 %
Debt service	933,162	655,191	42.4 %
Operating transfers out	<u>0</u>	<u>72,402</u>	(100.0)%
	<u>\$57,331,712</u>	<u>\$54,705,995</u>	4.8 %

**General Fund Budgetary Highlights**

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

**General Fund Original Budget versus Final Budget**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Original versus Final Budget Variance</u>
Revenues	\$58,501,745	\$55,162,107	(5.7)%
Expenditures	\$56,588,570	\$59,079,829	4.4 %

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 \$55.2 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 and decreases to ARRA Stimulus Funds and EduJobs Funds.

# MONROE PUBLIC SCHOOLS

## Management's Discussion and Analysis Year Ended June 30, 2012

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### General Fund Budgetary Highlights - Concluded

Expenditures—The original budget for expenditures and transfers out was \$56.6 million compared to the final budget of \$59.1 million. This increase is approximately \$2.5 million or 4.4%. There were various reasons for this increase.

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

### General Fund Final Budget versus Actual

	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget versus Actual Variance</u>
Revenues	\$55,162,107	\$54,864,118	(0.5)%
Expenditures	\$59,079,829	\$57,331,712	3.0 %

### Final Budget versus Actual Figures

- Revenue—The final revenue budget was estimated at \$55.2 million. The General Fund actual revenue as of June 30, 2012, was \$54.9 million. The variance between the final amended budget and actual revenue received was due to unspent grant funds at June 30, 2012. Most of the federal grants have a September 30, 2012 ending date. Therefore, the balance can be spent in the following fiscal year.
- Expenditures—The final budgeted expenditures and operating transfers out were \$59.1 million. The actual expenditures and operating transfers out were \$57.3 million. Expenditure variances were primarily attributed to not fully expending various grant funds. These funds will be carried forward to the 2012-2013 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, 2012, the School District had \$48.8 million invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and vehicles. This amount represents a net increase (including additions and disposals) of approximately \$2.1 million from last year. This year's additions of \$2.6 million included technology, equipment, a food service vehicle, and building improvements. Depreciation for this year totaled \$1,496,450. Detailed information regarding capital assets is included in Note 6 to the Financial Statements.

#### Debt

At June 30, 2012, the School District had \$1.1 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 10 to the Financial Statements.



# MONROE PUBLIC SCHOOLS

## *Management's Discussion and Analysis* *Year Ended June 30, 2012*

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### **Development of the 2012-2013 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2012-2013 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 2013 fiscal year is 10 percent of the February 2012 and 90 percent of the October 2012 student counts. The 2012-2013 budget was adopted in June 2012. Based on early enrollment data at the start of the 2012-2013 school year, we anticipate that the fall student count will be slightly more than the estimates used in creating the 2012-2013 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, 2012

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$10,275,888
Accounts/taxes receivable	51,562
Due from Mason Consolidated School District	285,000
Due from other governmental units	7,222,275
Inventories	28,650
Deposits	73,000
Prepays	47,145
Capital assets less accumulated depreciation	<u>19,658,901</u>
 Total Assets	 <u>37,642,421</u>
<b>Liabilities</b>	
Accounts payable	1,742,465
Note payable	1,377,428
Salaries payable	3,555,609
Other liabilities	2,005,319
Accrued interest payable	77,250
Deferred revenue	402,132
Due to other governmental units	50,852
Long-term liabilities:	
Due within one year	945,009
Due in more than one year	<u>4,842,910</u>
 Total Liabilities	 <u>14,998,974</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	17,592,056
Restricted for technology enhancement	106,654
Restricted for capital projects	3,767,022
Restricted for food service	955,298
Unrestricted	<u>222,417</u>
 Total Net Assets	 <u><u>\$22,643,447</u></u>

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Statement of Activities*  
*Year Ended June 30, 2012*

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
<b>Functions/Programs</b>				<b>Governmental Activities</b>
<b>Governmental Activities:</b>				
Instruction and instructional support	\$32,425,821	\$12,100	\$4,099,753	(\$28,313,968)
Support services	23,065,394	211,533	4,531,962	(18,321,899)
Community services	590,959	595,513	52,244	56,798
Food services	2,766,279	912,563	1,926,253	72,537
Interdistrict and other	62,943	0	0	(62,943)
Interest on long-term debt	138,900	0	16,455	(122,445)
Depreciation (unallocated)	1,496,450	0	0	(1,496,450)
<b>Total Governmental Activities</b>	<b>\$60,546,746</b>	<b>\$1,731,709</b>	<b>\$10,626,667</b>	<b>(48,188,370)</b>
 <b>General Revenues:</b>				
<b>Taxes:</b>				
Property taxes, levied for general operations				15,858,338
Property taxes, levied for technology				1,544,951
Property taxes, levied for sinking fund				1,729,248
State of Michigan aid, unrestricted				26,369,836
Interest income				28,290
Other				159,579
			<b>Total General Revenues</b>	<b>45,690,242</b>
			<b>Change in Net Assets</b>	<b>(2,498,128)</b>
			Net Assets - Beginning of year (See Note 3)	25,141,575
			Net Assets - End of year	<u>\$22,643,447</u>

See accompanying notes to the basic financial statements.

## FUND FINANCIAL STATEMENTS

**MONROE PUBLIC SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2012*

	General	Sinking Fund	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$5,071,884	\$4,204,490	\$999,514	\$10,275,888
Receivables:				
Accounts	45,008	0	6,554	51,562
Due from other governmental units	7,175,311	0	46,964	7,222,275
Inventory	15,500	0	13,150	28,650
Deposits	73,000	0	0	73,000
Prepaid expenditures	47,145	0	0	47,145
<b>Total Assets</b>	<b>\$12,427,848</b>	<b>\$4,204,490</b>	<b>\$1,066,182</b>	<b>\$17,698,520</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$1,208,215	\$442,353	\$91,897	\$1,742,465
Note payable	1,377,428	0	0	1,377,428
Salaries payable	3,555,609	0	0	3,555,609
Due to other governmental units	50,428	0	424	50,852
Other liabilities	2,005,319	0	0	2,005,319
Deferred revenue	388,454	0	13,678	402,132
<b>Total Liabilities</b>	<b>8,585,453</b>	<b>442,353</b>	<b>105,999</b>	<b>9,133,805</b>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	15,500	0	13,150	28,650
Prepaid expenditures	47,145	0	0	47,145
Restricted to:				
Technology enhancement	106,654	0	0	106,654
Capital projects	0	3,762,137	0	3,762,137
Assigned to:				
Termination pay	309,204	0	0	309,204
Food service	0	0	942,148	942,148
Capital projects	0	0	4,885	4,885
Unassigned	3,363,892	0	0	3,363,892
<b>Total Fund Balances</b>	<b>3,842,395</b>	<b>3,762,137</b>	<b>960,183</b>	<b>8,564,715</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$12,427,848</b>	<b>\$4,204,490</b>	<b>\$1,066,182</b>	<b>\$17,698,520</b>

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
June 30, 2012*

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<b>Total Fund Balances - Governmental Funds</b>		<b>\$8,564,715</b>
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	\$48,784,505	
Accumulated depreciation	<u>(29,125,604)</u>	
		19,658,901
Long-term receivable not available to pay current period expenditures and are not reported in the funds.		285,000
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	(285,000)	
Accrued interest	(77,250)	
Notes payable	(822,593)	
Capital leases	(1,244,252)	
Compensated absences	<u>(3,436,074)</u>	
		<u>(5,865,169)</u>
<b>Total Net Assets - Governmental Activities</b>		<b><u><u>\$22,643,447</u></u></b>

See accompanying notes to the basic financial statements.



**MONROE PUBLIC SCHOOLS**

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012*

	General	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$16,969,630	\$1,738,549	\$918,129	\$19,626,308
State sources	30,650,205	0	82,635	30,732,840
Federal sources	2,488,057	0	1,843,618	4,331,675
Interdistrict and other sources	3,341,340	0	0	3,341,340
<b>Total Revenues</b>	<b>53,449,232</b>	<b>1,738,549</b>	<b>2,844,382</b>	<b>58,032,163</b>
<b>Expenditures</b>				
Instruction	32,941,298	0	0	32,941,298
Support services	22,015,401	0	2,825,292	24,840,693
Community services	590,959	0	0	590,959
Athletics	787,949	0	0	787,949
Interdistrict and other uses	62,943	0	0	62,943
Debt service	933,162	0	146,455	1,079,617
Capital outlay	0	2,106,706	0	2,106,706
<b>Total Expenditures</b>	<b>57,331,712</b>	<b>2,106,706</b>	<b>2,971,747</b>	<b>62,410,165</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(3,882,480)</b>	<b>(368,157)</b>	<b>(127,365)</b>	<b>(4,378,002)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from loans	1,376,671	0	0	1,376,671
Transfer from Mason Consolidated	0	0	146,455	146,455
Operating transfers in	38,215	0	0	38,215
Operating transfers out	0	0	(38,215)	(38,215)
<b>Total Other Financing Sources (Uses)</b>	<b>1,414,886</b>	<b>0</b>	<b>108,240</b>	<b>1,523,126</b>
<b>Net Change in Fund Balances</b>	<b>(2,467,594)</b>	<b>(368,157)</b>	<b>(19,125)</b>	<b>(2,854,876)</b>
Fund Balances - Beginning of year (See Note 3)	6,309,989	4,130,294	979,308	11,419,591
Fund Balances - End of year	\$3,842,395	\$3,762,137	\$960,183	\$8,564,715

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, 2012*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>(\$2,854,876)</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:		
Depreciation expense	(\$1,496,450)	
Capital outlay	<u>2,226,330</u>	729,880
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		(58,546)
Repayments of principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).		999,263
Other financing source for bond principal and interest is reported in the governmental funds, but not in the statement of activities.		(130,000)
Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		192,822
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.		<u>(1,376,671)</u>
		<u><u>(\$2,498,128)</u></u>

See accompanying notes to the basic financial statements.

**MONROE PUBLIC SCHOOLS**

*Fiduciary Funds  
Statement of Fiduciary Net Assets  
June 30, 2012*

	<u>Agency Fund</u>	<u>Private-Purpose Trusts</u>	
	<u>Student Activities</u>	<u>Scholarships and Other</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$313,014	\$661,860	\$974,874
Receivables:			
Loans	0	780	780
<b>Total Assets</b>	<u>\$313,014</u>	<u>\$662,640</u>	<u>\$975,654</u>
 <b>Liabilities and net assets</b>			
Due to student groups	\$313,014	\$0	\$313,014
 <b>Net assets</b>			
Reserved for loans receivable	0	780	780
Nonexpendable endowments	0	375,029	375,029
Expendable endowments	0	286,831	286,831
<b>Total Net Assets</b>	<u>0</u>	<u>662,640</u>	<u>662,640</u>
<b>Total Liabilities and Net Assets</b>	<u>\$313,014</u>	<u>\$662,640</u>	<u>\$975,654</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, 2012*

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	<u>Scholarships and Other</u>
<b>Additions</b>	
Private donations	\$12,072
Interest income	<u>4,850</u>
Total Additions	16,922
<b>Deductions</b>	
Scholarships/other	<u>33,058</u>
<b>Change in Net Assets</b>	(16,136)
Net Assets - Beginning of year	<u>678,776</u>
Net Assets - End of year	<u><u>\$662,640</u></u>

See accompanying notes to the basic financial statements.

# MONROE PUBLIC SCHOOLS

## *Notes to Financial Statements* *Year Ended June 30, 2012*

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### Note 1      Description of the School District and Reporting Entity

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

#### Reporting Entity

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

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

### Note 2      Summary of Significant Accounting Policies

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

#### 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.

##### 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.

MONROE PUBLIC SCHOOLS

*Notes to Financial Statements*  
*Year Ended June 30, 2012*

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Note 2 Summary of Significant Accounting Policies (Continued)

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

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.

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

MONROE PUBLIC SCHOOLS

Notes to Financial Statements  
Year Ended June 30, 2012

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

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

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

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

# MONROE PUBLIC SCHOOLS

## *Notes to Financial Statements* *Year Ended June 30, 2012*

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

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

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.

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.



# MONROE PUBLIC SCHOOLS

## *Notes to Financial Statements Year Ended June 30, 2012*

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

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

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

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.
- 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.

- G. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2012 through September 20, 2012, the date the financial statements were available to be issued.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

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**Note 3**      Restatement of Fund Balance

For the year ended June 30, 2012, Monroe Public Schools received funds for an unrecorded accounts receivable for June 30, 2011. The addition of \$11,098 for accounts receivable resulted in the following effect on the fund balance and net assets.

	<u>Fund Balance</u>	<u>Net Assets</u>
Fund balance reported June 30, 2011	\$6,298,891	\$25,130,477
Addition of accounts receivable	11,098	11,098
Restated fund balance June 30, 2011	<u>\$6,309,989</u>	<u>\$25,141,575</u>

**Note 4**      Stewardship, Accountability and Compliance

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

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

During the year ended June 30, 2012, the School incurred expenditures in certain budgetary function which were in excess of the amounts appropriated. There were no deficit fund balances for any of the School's funds required to be budgeted.

**Note 5**      Deposits and Investments

As of June 30, 2012, 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, 2012, 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 \$11,981,732 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, 2012, the School District has an additional \$1,265,061 in deposits insured through this program. Uninsured deposits are \$9,966,671.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

Note 5     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, 2012. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the School District will do business.

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

Note 6     Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets not being depreciated:				
Land	\$613,940	\$0	\$0	\$613,940
Construction in progress	445,103	682,551	374,384	753,270
	<u>1,059,043</u>	<u>682,551</u>	<u>374,384</u>	<u>1,367,210</u>
Capital assets being depreciated:				
Land improvements	4,464,014	641,054	0	5,105,068
Buildings and building improvements	31,681,982	728,113	0	32,410,095
Machinery and equipment	4,889,778	489,983	0	5,379,761
Vehicles	4,560,840	59,013	97,482	4,522,371
	<u>45,596,614</u>	<u>1,918,163</u>	<u>97,482</u>	<u>47,417,295</u>
Total capital assets	46,655,657	2,600,714	471,866	48,784,505
Less accumulated depreciation:				
Land improvements	(2,723,122)	(148,192)	0	(2,871,314)
Buildings and building improvements	(18,391,589)	(757,190)	0	(19,148,779)
Machinery and equipment	(3,347,170)	(331,930)	0	(3,679,100)
Vehicles	(3,264,755)	(259,138)	(97,482)	(3,426,411)
	<u>(27,726,636)</u>	<u>(1,496,450)</u>	<u>(97,482)</u>	<u>(29,125,604)</u>
Total accumulated depreciation	(27,726,636)	(1,496,450)	(97,482)	(29,125,604)
Net capital assets	<u>\$18,929,021</u>	<u>\$1,104,264</u>	<u>\$374,384</u>	<u>\$19,658,901</u>

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

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

Note 7      Interfund Transfers

Interfund transfers at June 30, 2012, consisted of the following:

		<b>TRANSFER OUT</b>
		<u>Food Service</u>
<b>TRANSFER IN</b>	General Fund	<u>\$     38,215</u>

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

Note 8      Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

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

B. Funding Policy

Employer contributions to the MPERS result from the 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 20.66 percent for the period July 1, 2011 through September 30, 2011 and 24.46 percent for the period October 1, 2011 through June 30, 2012 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 19.16 percent for the period July 1, 2011 through September 30, 2011, and 23.23 percent for the period October 1, 2011 through June 30, 2012 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 6.4 percent of gross wages. The School's contributions to the MPERS pension plan for the years ended June 30, 2012, 2011, and 2010 were \$6,679,345, \$5,597,429, and \$5,364,811, respectively.

C. Postemployment Benefits

Under the MPERS Act, all retirees participating in the MPERS 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 MPERS pension plan discussed above.

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

Note 9      Enhancement Millage for Technology

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

Note 10      Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
General Obligation Bonds:					
2001 Limited Tax School Building and Site Bonds	\$ 415,000	\$ -	\$ 130,000	\$ 285,000	\$ 140,000
Notes Payable:					
Fifth Third Leasing Co. Telecommunication System	404,388	-	94,347	310,041	98,711
Fifth Third Bank Ten buses	768,828	-	256,276	512,552	256,276
D&R Products Inc. Xerox6180	<u>13,546</u>	<u>-</u>	<u>13,546</u>	<u>-</u>	<u>-</u>
	1,186,762	-	364,169	822,593	354,987
Other Liabilities:					
Compensated absences	<u>3,628,896</u>	<u>201,664</u>	<u>394,486</u>	<u>3,436,074</u>	<u>28,697</u>
	<u>\$5,230,658</u>	<u>\$201,664</u>	<u>\$888,655</u>	<u>\$4,543,667</u>	<u>\$523,684</u>

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

Note 10    Long-Term Debt (Continued)

	<u>Balance June 30, 2012</u>
<b>Bonds Payable:</b>	
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.	<u>\$285,000</u>
<b>Notes Payable:</b>	
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.	\$310,041
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.	<u>512,552</u>
<b>Total Notes Payable</b>	<u><b>\$822,593</b></u>

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

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

<u>Fiscal 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>	
2013	\$0	\$6,628	\$140,000	\$146,628
2014	<u>3,407</u>	<u>3,407</u>	<u>145,000</u>	<u>151,814</u>
	<u>\$3,407</u>	<u>\$10,035</u>	<u>\$285,000</u>	<u>\$298,442</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$1,107,593</u>	<u>\$49,183</u>	<u>\$1,156,776</u>

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

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**Note 11**    Lease Commitments

Capital Leases

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

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$516,666
2014	318,013
2015	318,013
2016	318,013
	<u>1,470,705</u>
Less: amount representing interest	<u>226,453</u>
 Present value of future minimum lease payments	 <u><u>\$1,244,252</u></u>
 Cost of equipment	 <u><u>\$2,092,738</u></u>

Operating Leases

The School District entered into an operating lease with University Office Technologies for the use of copiers. The lease term is sixty (60) months, ending June 30, 2015. The cost per year will vary due to the flexible use of equipment and the number of copies produced per month. An average cost per year will be approximately \$110,000 per year.

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

<u>Year</u>	<u>Amount</u>
2013	\$13,126
2014	14,503
2015	14,962
2016	14,962
2017	11,221
	<u><u>\$68,774</u></u>

**MONROE PUBLIC SCHOOLS**

*Notes to Financial Statements  
Year Ended June 30, 2012*

Note 12    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 2011 property taxes were levied on December 1, 2011 on assessed valuations as of December 31, 2010. Taxes were collected beginning December 1, 2011 and payments were due by February 14, 2012. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2011 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$882,576,497	18.0000	\$15,886,377
Commercial Personal Property	53,017,541	6.0000	318,105
Sinking Fund	1,745,474,798	1.0000	<u>1,745,475</u>
Total			<u>\$17,949,957</u>

Note 13    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, 2012, the School District incurred claims of \$50,425.

Note 14    Cafeteria Contract

During the fiscal year ended June 30, 2012, 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 15    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, 2012, 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 Finance Authority. Short-term debt activity for the year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2012</u>
State aid anticipation note	\$1,508,574	\$10,000,000	\$10,131,146	\$1,377,428

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



# MONROE PUBLIC SCHOOLS

## *Notes to Financial Statements Year Ended June 30, 2012*

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### Note 16     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, 2012.

#### B. Litigation

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

### Note 17     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 18     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 19     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 20     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, 2012*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>Revenues</b>				
Local sources	\$16,681,560	\$16,878,990	\$16,969,630	\$90,640
State sources	32,016,073	30,251,910	30,650,205	398,295
Federal sources	5,323,849	3,051,177	2,488,057	(563,120)
Interdistrict and other sources	3,593,635	3,563,360	3,341,340	(222,020)
<b>Total Revenues</b>	<b>57,615,117</b>	<b>53,745,437</b>	<b>53,449,232</b>	<b>(296,205)</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	26,693,252	26,907,980	26,574,097	333,883
Added needs	6,476,762	6,596,080	6,367,201	228,879
Support services:				
Pupil	2,364,178	2,508,487	2,451,487	57,000
Instructional staff	2,751,928	2,879,698	2,594,348	285,350
General administration	519,500	551,230	517,281	33,949
School administration	2,947,585	3,034,505	2,913,866	120,639
Business administration	1,153,370	1,432,600	1,636,108	(203,508)
Operation and maintenance	5,498,173	5,576,831	5,221,964	354,867
Pupil transportation	4,186,770	3,624,076	3,476,965	147,111
Central services	1,581,261	3,390,388	3,203,382	187,006
Athletics	829,310	833,110	787,949	45,161
Community services	808,541	667,810	590,959	76,851
Interdistrict and other uses	122,614	144,708	62,943	81,765
Debt service:				
Principal retirement	600,029	868,788	868,375	413
Interest and fiscal charges	55,297	63,538	64,787	(1,249)
<b>Total Expenditures</b>	<b>56,588,570</b>	<b>59,079,829</b>	<b>57,331,712</b>	<b>1,748,117</b>
Excess (Deficiency) of Revenue Over Expenditures	1,026,547	(5,334,392)	(3,882,480)	1,451,912
<b>Other Financing Sources (Uses)</b>				
Proceeds from loans	786,628	1,376,670	1,376,671	1
Operating transfers in	100,000	40,000	38,215	(1,785)
<b>Total Other Financing Sources (Uses)</b>	<b>886,628</b>	<b>1,416,670</b>	<b>1,414,886</b>	<b>(1,784)</b>
<b>Net Change in Fund Balances</b>	<b>1,913,175</b>	<b>(3,917,722)</b>	<b>(2,467,594)</b>	<b>1,450,128</b>
Fund Balances - Beginning of year (See Note 3)	4,784,513	6,298,891	6,309,989	11,098
Fund Balances - End of year	\$6,697,688	\$2,381,169	\$3,842,395	\$1,461,226

**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2012*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$15,845,950	\$15,851,718	\$5,768
Tuition	11,850	12,100	250
Transportation fees	17,500	19,710	2,210
Interest income	17,750	18,249	499
Child care	258,600	263,906	5,306
Rental income	165,000	181,760	16,760
Community activities	145,200	149,847	4,647
Athletics	194,400	196,223	1,823
Other revenue	222,740	276,117	53,377
Total Local Sources	<u>16,878,990</u>	<u>16,969,630</u>	<u>90,640</u>
<b>State Sources</b>			
Unrestricted grants:			
Foundation	25,912,280	26,369,836	457,556
Renaissance zone	6,620	6,620	0
Restricted grants:			
At Risk	1,215,980	1,192,707	(23,273)
Great Start Readiness Preschool	328,700	303,405	(25,295)
Special education	1,923,230	1,923,229	(1)
Other state grants	735,300	729,598	(5,702)
Transfer from intermediate school district:			
Vocational education added costs	124,800	124,810	10
Bus driver safety	5,000	0	(5,000)
Total State Sources	<u>30,251,910</u>	<u>30,650,205</u>	<u>398,295</u>
<b>Federal Sources</b>			
Title I	1,969,394	1,642,121	(327,273)
ARRA Title I	59,625	59,620	(5)
Title II Improving teacher quality	512,941	403,717	(109,224)
ARRA Title II technology literacy challenge	450	450	0
Title III Limited english	226,614	85,359	(141,255)
Education jobs fund	107,467	107,467	0
SEMCA	75,000	83,179	8,179
Transfer from intermediate school district:			
Medicaid outreach	7,000	7,769	769
Perkins	68,866	68,866	0
Homeless students' assistance	16,020	21,709	5,689
Homeless students' assistance ARRA	7,800	7,800	0
Total Federal Sources	<u>3,051,177</u>	<u>2,488,057</u>	<u>(563,120)</u>
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school districts:			
County special education tax	1,793,360	1,793,359	(1)
Technology enhancement millage	1,767,000	1,544,951	(222,049)
Sale of capital assets	3,000	3,030	30
Proceeds from loans	1,376,670	1,376,671	1
Transfer from food service	40,000	38,215	(1,785)
Total Interdistrict and Other Sources	<u>4,980,030</u>	<u>4,756,226</u>	<u>(223,804)</u>
Total Revenues	<u><u>\$55,162,107</u></u>	<u><u>\$54,864,118</u></u>	<u><u>(\$297,989)</u></u>

**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$8,745,799	\$5,401,926	\$272,433
Middle School	2,406,803	1,378,324	73,616
High School	3,750,622	2,210,673	220,558
Pre-School	198,201	105,055	2,542
Summer School	67,827	19,274	0
	<u>15,169,252</u>	<u>9,115,252</u>	<u>569,149</u>
Added Needs:			
Special education	2,272,148	1,178,631	44,376
Compensatory education	798,053	377,657	9,061
Vocational education	831,081	521,612	19,458
	<u>3,901,282</u>	<u>2,077,900</u>	<u>72,895</u>
 Total Instruction	 19,070,534	 11,193,152	 642,044
<b>Support Services</b>			
Pupil:			
Truancy	13,500	1,033	0
Guidance	719,118	361,556	449
Health	17,810	7,102	39,515
Speech	454,923	265,075	0
Social work services	123,077	67,461	89
Teacher consultants	138,140	77,610	0
Other pupil services	84,834	26,806	29,848
	<u>1,551,402</u>	<u>806,643</u>	<u>69,901</u>
Instructional Staff:			
Improvement of instruction	847,245	516,986	168,084
Educational media services	67,734	40,245	1,187
Instruction related technology	0	0	20,610
Supervision and direction	473,028	263,023	82,485
Academic student assessment	0	0	9,286
	<u>1,388,007</u>	<u>820,254</u>	<u>281,652</u>
General Administration:			
Board of Education	11,310	1,504	196,353
Executive administration	196,645	86,793	5,269
	<u>207,955</u>	<u>88,297</u>	<u>201,622</u>
School Administration:			
Office of the principal	1,798,269	1,061,927	25,829
Business Administration:			
Fiscal services	297,174	187,546	20,781
Internal services	69,751	46,200	276
Other business services	0	0	34,866
	<u>366,925</u>	<u>233,746</u>	<u>55,923</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$209,974	\$95,333	\$4,840	\$14,730,305	\$14,878,238	\$147,933
28,243	27,857	1,357	3,916,200	3,949,470	33,270
67,293	41,253	1,237,199	7,527,598	7,612,375	84,777
2,314	0	0	308,112	333,540	25,428
4,781	0	0	91,882	134,357	42,475
312,605	164,443	1,243,396	26,574,097	26,907,980	333,883
755	6,967	0	3,502,877	3,532,030	29,153
165,419	0	0	1,350,190	1,524,204	174,014
122,733	5,000	14,250	1,514,134	1,539,846	25,712
288,907	11,967	14,250	6,367,201	6,596,080	228,879
601,512	176,410	1,257,646	32,941,298	33,504,060	562,762
0	0	0	14,533	15,040	507
8,774	0	0	1,089,897	1,113,700	23,803
108	0	12,634	77,169	81,250	4,081
2,025	0	0	722,023	726,380	4,357
0	0	0	190,627	198,007	7,380
0	0	0	215,750	225,070	9,320
0	0	0	141,488	149,040	7,552
10,907	0	12,634	2,451,487	2,508,487	57,000
48,839	8,652	0	1,589,806	1,796,432	206,626
8,965	549	0	118,680	130,160	11,480
10,110	0	12,960	43,680	48,020	4,340
8,489	3,132	2,739	832,896	895,586	62,690
0	0	0	9,286	9,500	214
76,403	12,333	15,699	2,594,348	2,879,698	285,350
121	1,995	15,781	227,064	255,800	28,736
810	50	650	290,217	295,430	5,213
931	2,045	16,431	517,281	551,230	33,949
8,143	9,693	10,005	2,913,866	3,034,505	120,639
1,923	2,060	17,066	526,550	542,400	15,850
79,718	2,506	0	198,451	217,800	19,349
0	0	876,241	911,107	672,400	(238,707)
81,641	4,566	893,307	1,636,108	1,432,600	(203,508)

**MONROE PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Support Services (Concluded)</b>			
Operating Buildings Services:			
Operation and maintenance	\$1,756,215	\$1,140,093	\$834,138
Security services	0	0	346,609
	<u>1,756,215</u>	<u>1,140,093</u>	<u>1,180,747</u>
Pupil transportation	1,443,091	1,026,491	619,061
Central Services:			
Planning, research, development and evaluation	10,600	3,400	0
Communication services	0	0	81,500
Staff/Personnel services	211,112	135,138	45,003
Technology	291,778	170,811	400,777
Management information services	25,471	8,179	33,943
Pupil accounting	42,627	27,928	0
	<u>581,588</u>	<u>345,456</u>	<u>561,223</u>
Athletics	265,104	123,017	301,923
Total Support Services	<u>9,358,556</u>	<u>5,645,924</u>	<u>3,297,881</u>
<b>Community Services</b>			
Community recreation	56,797	27,482	61,542
Community activities	0	0	0
Custody and care of children	195,741	91,605	6,000
Non-Public school pupils	65,211	39,138	6,333
Total Community Services	<u>317,749</u>	<u>158,225</u>	<u>73,875</u>
<b>Interdistrict and Other Uses</b>			
Other	0	0	0
<b>Debt Service</b>			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$28,746,839</u>	<u>\$16,997,301</u>	<u>\$4,013,800</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$1,134,257	\$6,765	\$889	\$4,872,357	\$5,211,831	\$339,474
2,998	0	0	349,607	365,000	15,393
1,137,255	6,765	889	5,221,964	5,576,831	354,867
386,562	0	1,760	3,476,965	3,624,076	147,111
0	0	0	14,000	14,000	0
0	399	530	82,429	88,200	5,771
505	0	3,358	395,116	419,964	24,848
108,905	180,029	935	1,153,235	1,299,934	146,699
439	1,376,671	43,257	1,487,960	1,493,830	5,870
22	0	65	70,642	74,460	3,818
109,871	1,557,099	48,145	3,203,382	3,390,388	187,006
80,362	0	17,543	787,949	833,110	45,161
1,892,075	1,592,501	1,016,413	22,803,350	23,830,925	1,027,575
0	5,978	0	151,799	158,500	6,701
15,538	0	0	15,538	30,273	14,735
6,306	0	0	299,652	326,830	27,178
13,288	0	0	123,970	152,207	28,237
35,132	5,978	0	590,959	667,810	76,851
6,478	0	56,465	62,943	144,708	81,765
0	0	868,375	868,375	868,788	413
0	0	64,787	64,787	63,538	(1,249)
0	0	933,162	933,162	932,326	(836)
\$2,535,197	\$1,774,889	\$3,263,686	\$57,331,712	\$59,079,829	\$1,748,117



## OTHER SUPPLEMENTAL INFORMATION

**MONROE PUBLIC SCHOOLS**

*Sinking Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Property taxes	\$1,753,600	\$1,727,070	\$1,729,248	\$2,178
Interest income	7,600	8,600	9,301	701
<b>Total Revenues</b>	<b>1,761,200</b>	<b>1,735,670</b>	<b>1,738,549</b>	<b>2,879</b>
<b>Expenditures</b>				
Capital outlay:				
Building improvements	2,581,500	2,527,100	2,106,706	420,394
<b>Total Expenditures</b>	<b>2,581,500</b>	<b>2,527,100</b>	<b>2,106,706</b>	<b>420,394</b>
<b>Net Change in Fund Balance</b>	<b>(820,300)</b>	<b>(791,430)</b>	<b>(368,157)</b>	<b>423,273</b>
Fund Balance - Beginning of year	4,130,294	4,130,294	4,130,294	0
Fund Balance - End of year	<u>\$3,309,994</u>	<u>\$3,338,864</u>	<u>\$3,762,137</u>	<u>\$423,273</u>

**MONROE PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2012*

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Food Service</u>	<u>Debt Retirement</u>	<u>Building and Site</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$994,629	\$0	\$4,885	\$999,514
Accounts receivable	6,554	0	0	6,554
Due from other governmental units	46,964	0	0	46,964
Inventory	13,150	0	0	13,150
<b>Total Assets</b>	<b>\$1,061,297</b>	<b>\$0</b>	<b>\$4,885</b>	<b>\$1,066,182</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$91,897	\$0	\$0	\$91,897
Salaries payable	0	0	0	0
Due to other governmental units	424	0	0	424
Other liabilities	0	0	0	0
Deferred revenue	13,678	0	0	13,678
<b>Total Liabilities</b>	<b>105,999</b>	<b>0</b>	<b>0</b>	<b>105,999</b>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	13,150	0	0	13,150
Assigned to:				
Food service	942,148	0	0	942,148
Capital projects	0	0	4,885	4,885
<b>Total Fund Balances</b>	<b>955,298</b>	<b>0</b>	<b>4,885</b>	<b>960,183</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,061,297</b>	<b>\$0</b>	<b>\$4,885</b>	<b>\$1,066,182</b>

**MONROE PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012*

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Food Service</u>	<u>Debt Retirement</u>	<u>Building and Site Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>				
Local sources	\$918,126	\$0	\$3	\$918,129
State sources	82,635	0	0	82,635
Federal sources	1,843,618	0	0	1,843,618
<b>Total Revenues</b>	<u>2,844,379</u>	<u>0</u>	<u>3</u>	<u>2,844,382</u>
<b>Expenditures</b>				
Food service	2,825,292	0	0	2,825,292
Debt service	0	146,455	0	146,455
<b>Total Expenditures</b>	<u>2,825,292</u>	<u>146,455</u>	<u>0</u>	<u>2,971,747</u>
Excess (Deficiency) of Revenues Over Expenditures	19,087	(146,455)	3	(127,365)
<b>Other Financing Sources (Uses)</b>				
Transfer from Mason Consolidated	0	146,455	0	146,455
Operating transfers out	(38,215)	0	0	(38,215)
<b>Total Other Financing Sources (Uses)</b>	<u>(38,215)</u>	<u>146,455</u>	<u>0</u>	<u>108,240</u>
<b>Net Change in Fund Balances</b>	(19,128)	0	3	(19,125)
Fund Balances - Beginning of year	974,426	0	4,882	979,308
Fund Balances - End of year	<u>\$955,298</u>	<u>\$0</u>	<u>\$4,885</u>	<u>\$960,183</u>

**MONROE PUBLIC SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Food sales	\$897,500	\$937,600	\$912,563	(\$25,037)
Interest income	600	800	737	(63)
Other	3,500	5,000	4,826	(174)
Total Local Sources	901,600	943,400	918,126	(25,274)
State Sources:				
Restricted grants	113,095	82,500	82,635	135
Federal Sources:				
Restricted grants	1,469,000	1,706,300	1,713,001	6,701
Commodities	170,000	170,000	130,617	(39,383)
Total Federal Sources	1,639,000	1,876,300	1,843,618	(32,682)
Total Revenues	2,653,695	2,902,200	2,844,379	(57,821)
<b>Expenditures</b>				
Food Service:				
Salaries	134,500	134,500	131,899	2,601
Employee benefits	37,600	46,400	45,703	697
Purchased services	2,187,400	2,520,700	2,452,252	68,448
Supplies and materials	143,000	165,000	126,686	38,314
Capital outlay	30,000	142,000	61,406	80,594
Other	105,925	47,300	7,346	39,954
Total Expenditures	2,638,425	3,055,900	2,825,292	230,608
Excess (Deficiency) of Revenue Over Expenditures	15,270	(153,700)	19,087	172,787
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	0	0	(38,215)	(38,215)
<b>Net Change in Fund Balance</b>	15,270	(153,700)	(19,128)	134,572
Fund Balance - Beginning of year	974,426	974,426	974,426	0
Fund Balance - End of year	\$989,696	\$820,726	\$955,298	\$134,572

**MONROE PUBLIC SCHOOLS**

*Debt Retirement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Principal	125,000	130,000	130,000	0
Interest and fees	22,155	16,480	16,455	25
Total Expenditures	147,155	146,480	146,455	25
Excess (Deficiency) of Revenues Over Expenditures	(147,155)	(146,480)	(146,455)	(25)
<b>Other Financing Sources</b>				
Transfer from Mason Consolidated	147,155	146,480	146,455	(25)
<b>Net Change in Fund Balance</b>	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0

**MONROE PUBLIC SCHOOLS**

*Building and Site Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Interest income	\$5	\$5	\$3	(\$2)
<b>Expenditures</b>	0	0	0	0
<b>Net Change in Fund Balance</b>	5	5	3	(2)
Fund Balance - Beginning of year	4,882	4,882	4,882	0
Fund Balance - End of year	<u>\$4,887</u>	<u>\$4,887</u>	<u>\$4,885</u>	<u>(\$2)</u>

## NONEXPENDABLE PRIVATE-PURPOSE TRUST FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

Robert Worden Scholarship - Established August 31, 2001, for the purpose of providing scholarships for higher education. There is a nonexpendable endowment of \$31,245.

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



## EXPENDABLE PRIVATE-PURPOSE TRUST FUNDS

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

Lincoln Scholarship Fund - Established April 11, 1991.

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

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

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

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

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

**MONROE PUBLIC SCHOOLS**

*Private-Purpose Trust Funds  
Combining Balance Sheet  
June 30, 2012*

	Alida K. Knapp	Manning Sill	Christiancy	Monroe Public Schools Scholarship	June R. Heck Scholarship	Rye Scholarship	Milligan Scholarship	Wertenberger Scholarship	Child Wellness	Knabusch Scholarship
Cash	\$88,729	\$11,545	\$658	\$126,248	\$55,280	\$16,622	\$30,213	\$30,738	\$14,444	\$80,102
Receivables:										
Loans	780	0	0	0	0	0	0	0	0	0
Total Assets	<u>\$89,509</u>	<u>\$11,545</u>	<u>\$658</u>	<u>\$126,248</u>	<u>\$55,280</u>	<u>\$16,622</u>	<u>\$30,213</u>	<u>\$30,738</u>	<u>\$14,444</u>	<u>\$80,102</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	64,476
Unreserved	78,729	7,005	(342)	22,204	5,280	398	727	738	6,967	15,626
Total Net Assets	<u>\$89,509</u>	<u>\$11,545</u>	<u>\$658</u>	<u>\$126,248</u>	<u>\$55,280</u>	<u>\$16,622</u>	<u>\$30,213</u>	<u>\$30,738</u>	<u>\$14,444</u>	<u>\$80,102</u>

	Kutsche Scholarship	Scholarship Endowment	Robert Worden Scholarship	Kosa Scholarship	Valor	Lincoln Scholarship	Epps Scholarship	Donald Packer Memorial Scholarship	LEEOP	John M. McIntyre Tennis Scholarship	Jonathan B. Loop Memorial Scholarship	Totals
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$780
	20,000	5,039	31,245	1,498	0	0	0	0	0	0	0	375,029
	374	104	673	44	1,063	10,619	100	0	107,726	21,618	7,178	286,831
	\$20,374	\$5,143	\$31,918	\$1,542	\$1,063	\$10,619	\$100	\$0	\$107,726	\$21,618	\$7,178	\$662,640

**MONROE PUBLIC SCHOOLS**

*Nonexpendable Private-Purpose Trust Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012*

	Alida K. Knapp	Manning Sill	Christancy	Monroe Public Schools Scholarship	June R. Heck Scholarship	Rye Scholarship	Milligan Scholarship
<b>Revenues</b>							
Local Sources:							
Private donations	\$0	\$0	\$0	\$8,132	\$0	\$0	\$0
Interest income	280	37	2	1,916	176	277	504
Total Revenues	280	37	2	10,048	176	277	504
<b>Expenditures</b>							
Scholarships/other	0	260	0	12,737	600	0	0
Excess (Deficiency) of Revenues over Expenditures	280	(223)	2	(2,689)	(424)	277	504
Net Assets - Beginning of year	89,229	11,768	656	128,937	55,704	16,345	29,709
Net Assets - End of year	<u>\$89,509</u>	<u>\$11,545</u>	<u>\$658</u>	<u>\$126,248</u>	<u>\$55,280</u>	<u>\$16,622</u>	<u>\$30,213</u>

Wertemberger Scholarship	Child Wellness	Krabusch Scholarship	Kurtsche Scholarship	Scholarship Endowment	Robert Worden Scholarship	Kosa Scholarship	Totals
\$0	\$0	\$0	\$0	\$0	\$2,940	\$0	\$11,072
513	47	271	64	88	88	43	4,306
513	47	271	64	88	3,028	43	15,378
0	232	6,000	0	529	500	8,000	28,858
513	(185)	(5,729)	64	(441)	2,528	(7,957)	(13,480)
30,225	14,629	85,831	20,310	5,584	29,390	9,499	527,816
<u>\$30,738</u>	<u>\$14,444</u>	<u>\$80,102</u>	<u>\$20,374</u>	<u>\$5,143</u>	<u>\$31,918</u>	<u>\$1,542</u>	<u>\$514,336</u>

**MONROE PUBLIC SCHOOLS**

*Expendable Private-Purpose Trust Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012*

	<u>Valor</u>	<u>Lincoln Scholarship</u>	<u>Epps Scholarship</u>	<u>Donald Packer Memorial Scholarship</u>
<b>Revenues</b>				
Local sources:				
Private donations	\$0	\$0	\$0	\$0
Interest income	<u>3</u>	<u>37</u>	<u>0</u>	<u>0</u>
Total Revenues	3	37	0	0
<b>Expenditures</b>				
Scholarships/other	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues over Expenditures	3	(963)	0	(1,000)
Net Assets - Beginning of year	<u>1,060</u>	<u>11,582</u>	<u>100</u>	<u>1,000</u>
Net Assets - End of year	<u><u>\$1,063</u></u>	<u><u>\$10,619</u></u>	<u><u>\$100</u></u>	<u><u>\$0</u></u>

<u>LEEOP</u>	<u>John M. McIntyre Tennis Scholarship</u>	<u>Jonathan B. Loop Memorial Scholarship</u>	<u>Totals</u>
\$0	\$0	\$1,000	\$1,000
<u>118</u>	<u>366</u>	<u>20</u>	<u>544</u>
118	366	1,020	1,544
<u>0</u>	<u>1,200</u>	<u>1,000</u>	<u>4,200</u>
<u>0</u>	<u>1,200</u>	<u>1,000</u>	<u>4,200</u>
118	(834)	20	(2,656)
<u>107,608</u>	<u>22,452</u>	<u>7,158</u>	<u>150,960</u>
<u>\$107,726</u>	<u>\$21,618</u>	<u>\$7,178</u>	<u>\$148,304</u>

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund*  
*Statement of Changes in Assets and Liabilities*  
*June 30, 2012*

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	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ASSETS</b>				
Cash	<u>\$262,833</u>	<u>\$466,537</u>	<u>\$416,356</u>	<u>\$313,014</u>
<b>LIABILITIES</b>				
Due to student groups	<u>\$262,833</u>	<u>\$466,537</u>	<u>\$416,356</u>	<u>\$313,014</u>



**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2012*

	Due to (From) Student Groups June 30, 2011	Receipts	Disbursements	Due to (From) Student Groups June 30, 2012
Monroe High School:				
Schultz Memorial	\$79	\$0	\$0	\$79
AP Biology	79	0	0	79
Football Coaches	5,320	15,760	16,743	4,337
Sticker Money	3,651	5,195	5,690	3,156
Monroe High Trap Club	223	1,165	1,047	341
Highlighter	26,519	9,747	11,504	24,762
Instrumental Music	6,323	2,092	2,346	6,069
Choir	268	429	423	274
BPA	859	1,809	1,941	727
Spanish Club	50	0	0	50
Student Council	7,981	49,675	43,599	14,057
Close-Up	379	0	0	379
Lotus Leaf	582	818	10	1,390
FUEL	157	0	100	57
National Honor Society	2,683	3,362	5,755	290
Orchestra	3	0	0	3
Lifetime Wellness	1,649	0	391	1,258
Ski Club	91	0	0	91
DECA	2,048	1,330	2,199	1,179
FIZIX	242	0	220	22
Drama Club	7,957	2,671	3,001	7,627
"S" Club	328	977	389	916
Misc. Income	9,891	1,950	160	11,681
Advanced Placement	5,112	13,086	179	18,019
Main Office	692	3,069	3,203	558
Library	101	1,121	981	241
Tests	111	1,681	1,741	51
Sunshine Fund	584	1,108	839	853
CLD	135	588	561	162
Cash for Check	1,550	14,094	15,644	0
Cash Advance	0	3,000	3,000	0
Locks	1,501	0	0	1,501
Sales Tax	194	399	306	287
MHS Renaissance	2,342	915	590	2,667
Testing Out	80	30	0	110
National Tech Honor Society	1,949	3,097	1,086	3,960
Phys ED	43	0	0	43
FCCLA	545	0	545	0
Pep Club	1,630	287	839	1,078

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2012*

	Due to (From) Student Groups June 30, 2011	Receipts	Disbursements	Due to (From) Student Groups June 30, 2012
Monroe High School (Continued):				
Tech Club	\$8,596	\$28,219	\$20,988	\$15,827
Chess Club	118	0	75	43
HOSA	614	5,774	5,846	542
Athletic Department	5,262	21,421	15,156	11,527
Music Department	1,369	822	1,515	676
Seam Rippers	869	896	685	1,080
English Club	164	0	0	164
Special Projects	5,556	12,985	11,703	6,838
Gay Straight Alliance	876	455	349	982
Art Club	287	2,715	448	2,554
Home Builders Association	1,290	1,390	15	2,665
Ecology	52	0	0	52
Red Hat	203	48	53	198
International Cultures	725	1,621	790	1,556
Calculus	655	2,037	2,646	46
Young Democrats	1,011	0	0	1,011
Patriot	50	0	0	50
Trojan Pride Art & Craft Show	957	0	0	957
Trojan Tidings	83	637	637	83
Trojan Den	44	2,655	2,411	288
WARP	696	0	0	696
MHS Interact	769	2,111	1,673	1,207
2001 Reunion	4,403	0	4,403	0
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	150	0	150	0
Broadcasting Club	100	0	0	100
MHS All Sports	129	0	129	0
MHS Baseball	89	0	0	89
MHS Boys Basketball	402	545	0	947
MHS Golf	537	855	584	808
MHS Boys Swimming	3,168	1,915	1,661	3,422
MHS Boys Track	992	8,752	8,200	1,544
MHS Cheerleading	1,791	15,821	15,978	1,634
MHS Cross Country	59	1,648	704	1,003
MHS Competitive Cheer	3,250	28,801	20,986	11,065
MHS Girls Basketball	51	8,379	7,810	620
MHS Girls Golf	294	0	55	239
MHS Girls Swimming	3,430	3,342	3,887	2,885

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2012*

	Due to (From) Student Groups June 30, 2011	Receipts	Disbursements	Due to (From) Student Groups June 30, 2012
<b>Monroe High School (Concluded):</b>				
MHS Girls Track	\$37	\$0	\$0	\$37
MHS Softball	6,528	1,500	990	7,038
MHS Bowling	0	463	225	238
MHS Tennis	0	4,484	4,369	115
MHS Volleyball	2,267	3,611	1,846	4,032
Class of 2008	7,607	0	0	7,607
Class of 2009	666	0	0	666
Class of 2010	560	0	0	560
Class of 2011	2,421	0	400	2,021
Class of 2012	2,282	32,460	32,144	2,598
Class of 2013	0	3,273	674	2,599
Class of 2014	0	127	54	73
Class of 2015	0	981	265	716
Monroe County Golf	0	0	324	(324)
Zombie Apocalypse Survival	0	962	775	187
Ultimate Frisbee Club	0	341	223	118
Ping Pong Club	0	10	10	0
	<u>191,676</u>	<u>341,511</u>	<u>296,868</u>	<u>236,319</u>
<b>Monroe Middle School:</b>				
Board of Education	5,691	0	0	5,691
Lock Fund	342	0	0	342
Renaissance	1,017	651	825	843
Special Projects	15,414	26,748	33,132	9,030
Staff Flower Fund	263	0	306	(43)
Lounge Pop Fund	910	1,977	733	2,154
Choir	624	14,479	14,560	543
Girls Basketball	0	2,801	2,254	547
Golf	0	280	276	4
Orchestra	1,784	5,375	5,574	1,585
Yearbook	7,668	6,046	9,593	4,121
Band	867	8,403	8,443	827
Book Club	564	0	564	0
Booster Club	375	0	375	0
Student Council	4,894	226	0	5,120
Needy Student	45	123	128	40

**MONROE PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2012*

	Due to (From) Student Groups June 30, 2011	Receipts	Disbursements	Due to (From) Student Groups June 30, 2012
Monroe Middle School (Concluded):				
Media Center	\$4,099	\$5,106	\$6,886	\$2,319
Theatre	1,538	1,796	1,884	1,450
Postage	346	0	121	225
Class Trip - 8th Grade	480	4,907	3,757	1,630
NJHS	165	1,746	1,530	381
LEGO	2,252	150	675	1,727
Cheerleading	689	2,591	2,337	943
Track	621	1,167	1,166	622
	<u>50,648</u>	<u>84,572</u>	<u>95,119</u>	<u>40,101</u>
Main Office:				
Elementary Student Councils	1,780	0	0	1,780
Waterloo Special Account	(7,048)	0	0	(7,048)
Beverage Consortium	20,078	34,163	20,256	33,985
Positive Action	495	2,108	924	1,679
Comm Ed/MS Athletics	51	0	0	51
Sunshine Fund	399	0	6	393
Rainbow Fundraising	1,237	0	0	1,237
Nevaeh Memorial	1,058	100	375	783
Promise Project	860	1,519	1,182	1,197
Waterloo Recycling	475	535	302	708
Building The Best - MPS	1,124	0	0	1,124
Arborwood Office	0	2,029	1,324	705
	<u>20,509</u>	<u>40,454</u>	<u>24,369</u>	<u>36,594</u>
	<u>\$262,833</u>	<u>\$466,537</u>	<u>\$416,356</u>	<u>\$313,014</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Technology Enhancement Millage  
Budget and Actual  
Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Technology enhancement millage	\$1,541,915	\$1,767,000	\$1,544,951	(\$222,049)
<b>Total Revenues</b>	<b>1,541,915</b>	<b>1,767,000</b>	<b>1,544,951</b>	<b>(222,049)</b>
<b>Expenditures</b>				
Salaries	282,760	318,640	291,778	26,862
Fringe benefits	185,155	184,700	170,811	13,889
Purchased services	413,500	403,000	400,777	2,223
Supplies	32,250	43,000	108,905	(65,905)
Capital outlay	101,864	300,369	180,029	120,340
Other	625	625	935	(310)
	1,016,154	1,250,334	1,153,235	97,099
Debt service	525,761	516,666	516,666	0
<b>Total Expenditures</b>	<b>1,541,915</b>	<b>1,767,000</b>	<b>1,669,901</b>	<b>97,099</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>0</b>	<b>(124,950)</b>	<b>(124,950)</b>
Fund Balance - Beginning of year	231,604	231,604	231,604	0
Fund Balance - End of year	\$231,604	\$231,604	\$106,654	(\$124,950)

**MONROE PUBLIC SCHOOLS**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Admissions	\$67,290	\$57,000	\$57,076	\$76
Participation fees	142,400	133,000	134,747	1,747
Donations	4,500	4,400	4,400	0
<b>Total Revenues</b>	<u>\$214,190</u>	<u>\$194,400</u>	<u>\$196,223</u>	<u>\$1,823</u>
<b>Expenditures</b>				
Salaries	\$260,450	\$269,100	\$265,104	\$3,996
Employee benefits	112,810	124,160	123,017	1,143
Purchased services	320,150	311,150	301,923	9,227
Supplies and materials	114,300	107,700	80,362	27,338
Capital outlay	2,500	2,500	0	2,500
Other	19,100	18,500	17,543	957
<b>Total Expenditures</b>	<u>\$829,310</u>	<u>\$833,110</u>	<u>\$787,949</u>	<u>\$45,161</u>

# FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**MONROE PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2011
<u>U.S. Department of Education</u>			
Passed Through State Dept. of Education:			
Title 1 - 111530-1011	84.010	\$1,694,936	\$574,827
- 121530-1112	84.010	1,716,515	0
- 111520-1011	84.010	3,000	3,000
		<u>3,414,451</u>	<u>577,827</u>
ARRA Title I, Part A - 111535-1011	84.389	295,321	101,599
ARRA Title II Technology Literacy Challenge - 114295-1011	84.386	11,763	1,294
Title II Improving Teacher Quality - 110520-1011	84.367	492,055	179,922
- 120520-1112	84.367	455,771	0
		<u>947,826</u>	<u>179,922</u>
Title III Limited English - 110580-1011	84.365A	172,602	42,421
- 120580-1112	84.365A	204,056	0
		<u>376,658</u>	<u>42,421</u>
ARRA State Fiscal Stabilization Fund - 112525-1011	84.394	745,927	328,487
Education Jobs Fund - 112545-1011	84.410	1,422,607	843,664
Education Jobs Fund - 112545-1112	84.410	107,467	0
		<u>1,530,074</u>	<u>843,664</u>
<b>Total Passed Through State Dept. of Education</b>		<b>7,322,020</b>	<b>2,075,214</b>
Passed Through Intermediate School Districts:			
Technology Preparation Education - 113540/11425	84.243A	5,211	1,945

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, 2012</u>
\$1,338,229	\$252,880	\$827,707	\$0
0	1,389,241	653,975	735,266
3,000	0	3,000	0
<u>1,341,229</u>	<u>1,642,121</u>	<u>1,484,682</u>	<u>735,266</u>
68,492	59,620	161,219	0
8,797	450	1,744	0
398,479	46,073	225,995	0
0	357,644	166,663	190,981
<u>398,479</u>	<u>403,717</u>	<u>392,658</u>	<u>190,981</u>
51,483	22,559	64,980	0
0	62,800	0	62,800
<u>51,483</u>	<u>85,359</u>	<u>64,980</u>	<u>62,800</u>
745,927	0	328,487	0
1,422,607	0	843,664	0
0	107,467	0	107,467
<u>1,422,607</u>	<u>107,467</u>	<u>843,664</u>	<u>107,467</u>
4,037,014	2,298,734	3,277,434	1,096,514
5,211	0	1,945	0

**MONROE PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2011
<b>Passed Through Intermediate School Districts: (Concluded)</b>			
<b>Perkins II -</b>			
Vocational Education - 0012-25 10/11	84.048A	\$68,866	\$27,604
- 0012-25 11/12	84.048A	68,866	0
		<u>137,732</u>	<u>27,604</u>
Homeless Students' Assistance Grant - 112320-1011	84.196A	19,282	18,318
- 112320-1112	84.196A	16,020	0
		<u>35,302</u>	<u>18,318</u>
ARRA Education for Homeless Children & Youth Grant - 102325-0910	84.387A	35,976	18,921
		<u>35,976</u>	<u>18,921</u>
<b>Total Passed Through Intermediate School Districts</b>		<u>214,221</u>	<u>66,788</u>
<b>Total U.S. Department of Education</b>		7,536,241	<u>\$2,142,002</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<b>Passed Through Intermediate School District</b>			
Medicaid Outreach	93.778	15,455	\$4,485
<b>Passed Through Southeast Michigan Community Alliance:</b>			
<b>Substance Abuse and Mental Health Services</b>			
PA 2 - 10/11	93.959	75,000	15,894
- 11/12	93.959	83,380	0
		<u>158,380</u>	<u>15,894</u>
<b>Total U.S. Dept. of Health and Human Services</b>		173,835	<u>\$20,379</u>
<b><u>U.S. Department of Agriculture</u></b>			
<b>Passed Through State Dept. of Education:</b>			
<b>National School Lunch Program</b>			
111950 All Lunches	10.555	149,826	\$6,868
111960 All Lunches	10.555	1,056,686	42,121
121960 All Lunches	10.555	1,187,293	0
11980 Snack	10.555	8,080	352
12980 Snack	10.555	8,399	0
		<u>2,410,284</u>	<u>49,341</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, 2012</u>
\$64,543	\$0	\$27,604	\$0
0	68,866	61,778	7,088
<u>64,543</u>	<u>68,866</u>	<u>89,382</u>	<u>7,088</u>
25,644	0	18,318	0
0	21,709	2,455	19,254
<u>25,644</u>	<u>21,709</u>	<u>20,773</u>	<u>19,254</u>
22,053	7,800	0	26,721
<u>117,451</u>	<u>98,375</u>	<u>112,100</u>	<u>53,063</u>
<u>\$4,154,465</u>	<u>2,397,109</u>	<u>\$3,389,534</u>	<u>\$1,149,577</u>
\$15,455	7,769	\$12,254	\$0
54,831	20,169	36,063	0
0	63,010	46,725	16,285
<u>54,831</u>	<u>83,179</u>	<u>82,788</u>	<u>16,285</u>
<u>\$70,286</u>	<u>90,948</u>	<u>\$95,042</u>	<u>\$16,285</u>
\$149,826	0	\$6,868	\$0
910,282	146,404	188,525	0
0	1,187,293	1,166,261	21,032
7,035	1,046	1,398	0
0	8,399	5,277	3,122
<u>1,067,143</u>	<u>1,343,142</u>	<u>1,368,329</u>	<u>24,154</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2011
<u>U.S. Department of Agriculture</u>			
Passed Through State Dept. of Education:			
National School Lunch Program (Concluded)			
111970 Breakfast	10.553	\$326,608	\$16,920
121970 Breakfast	10.553	329,884	0
		<u>656,492</u>	<u>16,920</u>
		3,066,776	66,261
Entitlements	10.555	<u>130,617</u>	0
Total Passed Through State Dept. of Agriculture		<u>3,197,393</u>	<u>\$66,261</u>
Total Federal Financial Assistance		<u>\$10,907,469</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, 2012</u>
\$286,633	\$39,975	\$56,895	\$0
0	329,884	319,905	9,979
<u>286,633</u>	<u>369,859</u>	<u>376,800</u>	<u>9,979</u>
1,353,776	1,713,001	1,745,129	34,133
0	130,617	130,617	0
<u>\$1,353,776</u>	<u>1,843,618</u>	<u>\$1,875,746</u>	<u>\$34,133</u>
	<u>\$4,331,675</u>		

**MONROE PUBLIC SCHOOLS**

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012*

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

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

<u>Program Title/Project Number Subrecipient Name</u>	<u>CFDA Number</u>	<u>Current Year Cash Transferred to Subrecipients</u>
<b>Title III Limited English</b>	<b>84.365A</b>	
Airport Community Schools		\$ 3,132
Bedford Public Schools		6,259
Chelsea School District		732
Dexter Community School District		4,417
Fowlerville Community Schools		6,937
Howell Public Schools		8,234
Ida Public School District		331
Lincoln Consolidated School District		585
Manchester Community Schools		2,284
Saline Area Schools		15,429
Willow Run Community Schools		8,125
		<u>\$ 56,465</u>

**MONROE PUBLIC SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012*

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**SUMMARY OF AUDIT RESULTS:**

1. The auditors report expresses an unqualified opinion on the financial statements of Monroe Public Schools.
2. No significant deficiencies considered material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Monroe Public Schools which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the Nutrition Cluster and Education Jobs Fund 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 National School Breakfast Program (CFDA #10.553), the National School Lunch Program (CFDA #10.555), the U.S.D.A. Donated Commodities (CFDA #10.555), and the Education Jobs Fund (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



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

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

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

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

Board of Education  
Monroe Public Schools  
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

Very truly yours,

September 20, 2012





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

James R. Cooley, CPA  
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Nicklaus W. Calkins, CPA

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

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Certified Public Accountants

September 20, 2012

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, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 20, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Monroe Public Schools are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2011/2012 fiscal year. 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  
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*Qualitative Aspects of Accounting Practices (concluded)*

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

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

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 20, 2012.

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

Very truly yours,

*Cooley Hehl Wohlzamuth & Carlton*