

**MUNISING PUBLIC SCHOOLS
MUNISING, MICHIGAN**

FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

WISCONSIN
GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Board of Education
Munising Public Schools
810 State Hwy M-28 W
Munising, Michigan 49862

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Munising Public Schools as of and for the year ended June 30, 2009, which collectively comprise the Munising Public School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Munising Public School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 the Munising Public Schools as of June 30, 2009, 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 a report dated October 16, 2009, on our consideration of the Munising Public School's 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.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Education
Munising Public Schools

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Munising Public School's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basis 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 not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Jackman & Company, PLLC
Certified Public Accountants

October 16, 2009

Munising Public Schools

Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of Munising Public Schools financial performance provides an overview of the School District's financial activities for the year ended June 30, 2009. Please read it in conjunction with the financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- Net assets for Munising Public Schools as a whole were reported at \$1,157,618 comprised of 100% governmental activities.
- During the year, Munising Public Schools expenses were \$7,881,196, while revenues from all sources totaled \$7,817,822, resulting in a decrease in net assets of \$63,374.
- The general fund reported a decrease of \$399,661. This is \$156,707 lower than the final forecasted decrease of \$556,368. This was a result of revenues being \$12,394 higher and expenses being \$144,313 lower than forecasted, both of which are immaterial when compared with budgeted revenues of \$6,724,689 and budgeted expenditures and transfers out of \$7,281,057.

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 Munising Public Schools financially as a whole. The *District-wide Financial Statements* Statement of Net Assets and the Statement of Activities (on pages 14 and 15) provide information about the activities the School District as a whole and present a longer-term view of those finances. The fund financial statements present the next level of detail and start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The fund financial statements also report the School District's operations in more detail than the district-wide statements by providing information about the School District's most significant funds – the General Fund and Debt Service Fund, with all other funds presented in one column as non-major funds. The remaining statement, the statement of 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.

Reporting the School District as a Whole – *District-wide Financial Statements*

Our analysis of the Munising Public Schools as a whole begins on page 8. One of the most important questions asked about the School District's finances is "As a whole, what is the School District's financial condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. 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. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Management's Discussion and Analysis (Unaudited) (Continued)

These two statements report the School District's net assets and changes in them. The School District's net assets – the difference between assets and liabilities – are one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets – as reported in the Statement of Activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as private-sector companies do. One must consider other non-financial factors, such as the quality of education provided, the safety of the schools and the condition of the School District's capital assets, to assess the overall financial 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 the School District's services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

Reporting the School District's Most Significant Funds – *Fund Financial Statements*

Our analysis of the School District's major funds begins on page 10. The fund financial statements begin on page 16 and provide detailed information on the most significant 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's Board has established other funds to help it control and manage money for particular purposes.

- *Governmental Funds* – Most of the School District's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic 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 Statement of Activities) and governmental funds in a reconciliation which follows the fund financial statements.

The School District as Trustee – Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. 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 purpose.

Management's Discussion and Analysis (Unaudited) (Continued)

The School District as a Whole

Table 1 provides a summary of the School District's net assets as of June 30, 2009 and 2008:

	<u>Governmental Activities – 2009</u>	<u>Governmental Activities – 2008</u>
Current and other assets	\$2,431,565	\$2,771,447
Non-current assets	4,403,077	4,600,013
Total Assets	<u>6,834,642</u>	<u>7,371,460</u>
Current liabilities	1,044,086	1,010,452
Long-term liabilities	4,632,938	5,140,016
Total Liabilities	<u>5,677,024</u>	<u>6,150,468</u>
Net Assets:		
Invested in capital assets, net of related debt	584,327	\$318,382
Restricted	114,987	160,439
Unrestricted	458,304	742,171
Total Net Assets	<u>\$1,157,618</u>	<u>\$1,220,992</u>

The School District's net assets were \$1,157,618 at June 30, 2009. Capital assets, net of related debt totaling \$584,327, compares the original cost, less depreciation of the School District's capital assets to long-term debt, used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets of \$458,304 was unrestricted.

The \$ 458,304 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. 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 (see Table 2), which shows the changes in net assets for fiscal years 2009 and 2008.

Management's Discussion and Analysis (Unaudited) (Continued)

**Table 2
Change in Net Assets**

	Governmental Activities – 2009	Governmental Activities – 2008
Revenues		
Program revenues:		
Charges for services	\$348,582	\$243,673
Operating grants and contributions	1,220,397	1,171,323
Capital grants and contributions	-	-
General revenues:		
Property taxes	1,878,136	2,204,505
State sources not restricted to specific program	4,303,903	4,102,673
Investment earnings	16,670	67,553
Miscellaneous	50,134	63,160
Total Revenues	<u>7,817,822</u>	<u>7,852,887</u>
Program Expenses:		
Instruction	3,926,179	4,377,083
Supporting services	2,768,943	2,717,940
Community activities	-	257
Payments to other governmental agencies	178,160	-
Facilities acquisitions	2,090	28,385
Food service activities	303,484	307,791
Athletic activities	153,099	169,075
Public Library activities	67,433	50,497
Interest on retirement of debt	147,783	155,130
Depreciation – unallocated	334,025	339,706
Total Expenses	<u>7,881,196</u>	<u>8,145,864</u>
Increase (decrease) in net assets	<u>(63,374)</u>	<u>(292,977)</u>
Net assets, beginning	<u>1,220,992</u>	<u>1,513,969</u>
Net Assets, Ending	<u>\$1,157,618</u>	<u>\$1,220,992</u>

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$7,881,196. Certain activities were partially funded from those who benefited from the programs \$348,582 or by other governments and organizations that subsidized certain programs with grants and categoricals \$1,220,397. We paid for the remaining “public benefit” portion of our governmental activities with \$1,878,136 in taxes, \$4,303,903 in State Foundation Allowance, and with our other revenues, such as interest and general entitlements.

The School District experienced a decrease in net assets for the year of \$63,374.

Key reasons for the change in net assets were as follows:

- Net decrease in governmental fund balances of \$(358,271).
- Depreciation charged to expense of \$(334,025).
- Purchase of capital assets in the amount of \$141,752.
- Principal payment on debt in the amount of \$415,161.
- Change in compensated absences \$28,952.
- Other miscellaneous transactions of \$43,057, amortization of refunding bond transactions.

Management's Discussion and Analysis (Unaudited) (Continued)

Table 3 presents the cost of each of the School District's largest activities as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each function placed on the School District's operation.

Table 3
Governmental Activities

	Total Cost Of Services	Net Cost Of Services
Instruction	\$3,926,179	\$2,883,902
Supporting services	2,768,943	2,768,943
Food service activities	303,484	(1,444)
Interest on retirement of debt	147,783	141,271
Athletic activities	153,099	99,328

The net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of the School District's operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available financial resources.

The School District's Funds

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

As the School District completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$1,817,885, a decrease of \$358,271 from the beginning of the year.

The decrease of \$358,271 in the combined fund balance is the net effect of a decrease in the General Fund Balance of \$399,661 and a decrease in the Debt Service Fund Balance of \$45,452 and an increase in the non-major fund balances of \$86,842. The decrease in the Debt Service Fund is due to the reduction in the resources necessary for the payment of general long-term debt principal, interest, and related costs.

General Fund Budgetary Highlights

Over the course of the year, the School District's Board revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Changes to the General Fund original budget occurred during the annual budget reviews in January and June 2009.

Management's Discussion and Analysis (Unaudited) (Continued)

BUDGETED REVENUES

General Fund revenues changed from original to final budget during the year as follows:

	Original Budget	Final Budget	Budget Variance	
			Amount	Percent
Total	\$6,636,975	\$6,724,689	\$87,714	1%

The increase in budgeted revenues of \$87,714 was mainly attributable to several budget adjustments to grant fund revenues. The district received an increase in the allotment for the Sault Tribe 2% Grant of approximately \$20,000; the Schools and Roads Grant of \$10,000; Title I & II Grants of \$20,000; At Risk Grant of \$15,000; and an increase in the Special Education Transfer from MARESA. This Special Ed funding increase was due to a change in the timing of the payment of funds and will result in a smaller 5th quarter payment in 2009-10. The other revenue adjustment was made to decrease the budgeted amount of Interest Earned on deposits by approximately \$20,000.

BUDGETED EXPENDITURES

General Fund expenditures changed from the original to final budget during the year as follows:

	Original Budget	Final Budget	Budget Variance	
			Amount	Percent
Total	\$7,010,015	\$7,178,024	\$168,009	2%

The main factor affecting budgeted expenditures was a prior year adjustment to the district's taxable value. The Alger County Treasurer made corrections to the school district's taxable value amounts that they had incorrectly reported to the State of Michigan from 1996 to the present. The cumulative effective of all of these changes to taxable value resulted in an adjustment of \$178,160. Michigan Department of Education personnel have instructed districts to record these types of adjustments as a Prior Period Expense. The remaining variance of approximately \$10,000 was the result of several miscellaneous expenditure reductions.

ACTUAL REVENUES

The General Fund actual revenues differed from the final budget as follows:

	Final Budget	Actual	Budget Variance	
			Amount	Percent
Total	\$6,724,689	\$6,737,083	\$12,394	1%

The actual revenues exceeded the final forecast because the district received additional funding from Marquette-Alger RESA for Medicaid Fee for Services.

Management's Discussion and Analysis (Unaudited) (Continued)

ACTUAL EXPENDITURES

General Fund actual expenditures differed from the final budget as follows:

	Final Budget	Actual	Budget Variance	
			Amount	Percent
Total	\$7,178,024	\$7,046,076	\$131,948	2%

The general fund budgeted expenditures were \$7,178,024. The Board anticipates that approximately 1 to 2% of this amount will be unspent at the end of each fiscal year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009 and 2008, the School District had \$4,372,377 and \$4,564,650, respectively, invested in a variety of capital assets including land, buildings, and machinery and equipment. (See table 4 below)

Table 4
Capital Assets at Year-End (net of depreciation)

	2009	2008
Land	\$167,626	\$167,626
Land improvements	244,176	259,457
Buildings	3,326,834	3,475,952
Equipment	506,790	497,579
Vehicles and buses	126,951	164,036
Construction-in-progress	-	-
Totals	<u>\$4,372,377</u>	<u>\$4,564,650</u>

During the year there were purchases of new computer systems and other equipment of \$123,745; building improvements of \$18,419; depreciation expense of \$334,025 and a net loss on the disposal of assets of \$412.

We anticipate capital additions for the 2009-2010 fiscal years will be comparable to the 2008-2009 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

Management’s Discussion and Analysis (Unaudited) (Continued)

Debt

At June 30, 2009 and 2008, the School District had bonds outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	Governmental Activities – 2009	Governmental Activities – 2008
General obligation bonds	\$3,504,593	\$3,919,754

There were no new additions or long-term debt in this fiscal year. We present more detailed information about our long-term debt in the notes in the financial statements.

Economic Factors and Next Year’s Budgets

Our elected officials and administration consider many factors when setting the School District’s fiscal year 2010 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 2010 fiscal year budget was adopted in June 2009, based on an estimate of students that will be enrolled in September 2009. Approximately 86 percent of total General Fund revenues are from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general obligations. As a result, the district funding is heavily dependent on the State’s ability to fund local school operations. Based on early enrollment data at the start of the 2009-2010 school year, we anticipate that the fall student count will be slightly up from the estimates used in creating the 2010 fiscal year budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget, if actual district resources are not sufficient to fund original appropriations.

Uncertainty about the amount of State revenues has a negative impact on financial planning. The District is often several months into its new fiscal year before the State revenue levels are finalized.

Contacting the School District’s Financial Management

This financial report is designated to provide the School District’s citizens, taxpayers, customers, and investors and creditors with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Munising Public Schools, 810 State Highway M-28 West, Munising, Michigan 49862.

Munising Public Schools

Statement of Net Assets

June 30, 2009

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,339,001
Investments	-
Receivables:	
Accounts receivable	99,455
Delinquent property taxes	-
Due from other governmental units	936,730
Inventories	56,379
Prepaid expense	-
TOTAL CURRENT ASSETS	<u>2,431,565</u>
Non-current assets:	
Unamortized bond issue costs	30,700
Land and construction in progress	167,626
Capital assets	13,167,004
Less accumulated depreciation	(8,962,253)
TOTAL NON-CURRENT ASSETS	<u>4,403,077</u>
TOTAL ASSETS	<u>6,834,642</u>
LIABILITIES	
Current liabilities:	
Accounts payable	56,732
Accrued liabilities	551,967
Deferred revenue	4,981
Current portion of long term debt obligations	430,406
TOTAL CURRENT LIABILITIES	<u>1,044,086</u>
Non-current liabilities:	
Non-current portion of employee benefit obligations	1,244,594
Non-current portion of long term debt obligations	3,074,187
Deferred gain and premium on refunding bonds	314,157
TOTAL NON-CURRENT LIABILITIES	<u>4,632,938</u>
TOTAL LIABILITIES	<u>5,677,024</u>
NET ASSETS:	
Invested in capital assets, net of related debt	584,327
Restricted:	
Debt Service	114,987
Unrestricted	458,304
TOTAL NET ASSETS	<u>\$ 1,157,618</u>

The accompanying notes are an integral part of these financial statements.

Munising Public Schools

Statement of Activities

For the Year Ended June 30, 2009

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 3,926,179	\$ -	\$ 1,042,277	\$ (2,883,902)
Supporting services	2,768,943	-	-	(2,768,943)
Community Service	-	-	-	-
Payments to other governmental agencies	178,160	-	-	(178,160)
Facilities acquisitions	2,090	-	-	(2,090)
Food service activities	303,484	133,320	171,608	1,444
Athletic activities	153,099	53,771	-	(99,328)
Public library activities	67,433	161,491	-	94,058
Interest on retirement of debt	147,783	-	6,512	(141,271)
Depreciation - unallocated	334,025	-	-	(334,025)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7,881,196	\$ 348,582	\$ 1,220,397	(6,312,217)
General revenues:				
Taxes				
Property taxes, levied for general purposes				1,326,494
Property taxes, levied for debt services				551,642
Federal and State aid not restricted to specific purposes				
General				4,303,903
Interest and investment earnings				16,670
Miscellaneous				50,134
Transfers				-
			TOTAL GENERAL REVENUES	6,248,843
			CHANGES IN NET ASSETS	(63,374)
Net Assets , July 1				<u>1,220,992</u>
			NET ASSETS, JUNE 30	\$ <u>1,157,618</u>

The accompanying notes are an integral part of these financial statements.

Munising Public Schools

Governmental Funds

Balance Sheet

June 30, 2009

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,249,665	\$ 116,598	\$ 87,447	\$ 1,453,710
Investments	-	-	-	-
Receivables:				
Accounts receivable	81,176	388	17,891	99,455
Delinquent property taxes	-	-	-	-
Due from other funds	-	-	99,328	99,328
Due from other governmental units	936,730	-	-	936,730
Inventories	36,944	-	19,435	56,379
Prepaid expense	-	-	-	-
	TOTAL ASSETS	\$ 116,986	\$ 224,101	\$ 2,645,602
	\$ 2,304,515	\$ 116,986	\$ 224,101	\$ 2,645,602
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Cash overdrafts	\$ -	\$ 1,999	\$ 112,710	\$ 114,709
Accounts payable	49,950	-	6,782	56,732
Accrued liabilities	551,967	-	-	551,967
Due to other funds	99,328	-	-	99,328
Deferred revenue	3,429	-	1,552	4,981
	TOTAL LIABILITIES	1,999	121,044	827,717
	704,674	1,999	121,044	827,717
 FUND BALANCES:				
Designated for:				
School service activities	-	-	3,584	3,584
Athletic activities	-	-	-	-
Public Library activities	-	-	99,473	99,473
Retirement of debt	-	114,987	-	114,987
Future state aid adjustments	-	-	-	-
Unreserved:				
Undesignated	1,599,841	-	-	1,599,841
	TOTAL FUND BALANCES	114,987	103,057	1,817,885
	1,599,841	114,987	103,057	1,817,885
	\$ 2,304,515	\$ 116,986	\$ 224,101	\$ 2,645,602

The accompanying notes are an integral part of these financial statements.

Munising Public Schools

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2009

Total Fund Balances for Governmental Funds			\$	1,817,885
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				
	Cost of capital assets	\$ 13,334,630		
	Accumulated depreciation	<u>(8,962,253)</u>		4,372,377
Unamortized bond issue costs are not financial resources and therefore are not reported in the funds				
				30,700
Long-term liabilities are not due and payable in the current period and are not reported in the funds. Long-term liabilities at year-end consist of:				
	Bonds payable - current	430,406		
	Bonds payable - long term	3,074,187		
	Deferred premium on refunding bonds	217,618		
	Deferred gain on refunding bonds	96,539		
	Employee benefits payable	<u>1,244,594</u>		(5,063,344)
NET ASSETS OF GOVERNMENTAL ACTIVITIES				<u><u>\$ 1,157,618</u></u>

The accompanying notes are an integral part of these financial statements.

Munising Public Schools

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2009

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total
REVENUES:				
Property taxes	\$ 1,326,494	\$ 551,642	\$ -	\$ 1,878,136
Federal sources	591,879	-	151,940	743,819
State Aid	4,339,195	6,512	19,668	4,365,375
Local sources	465,240	-	348,582	813,822
Interest	14,275	2,395	-	16,670
TOTAL REVENUES	6,737,083	560,549	520,190	7,817,822
EXPENDITURES:				
Current:				
Instruction	4,045,810	-	-	4,045,810
Supporting services	2,801,597	-	-	2,801,597
Community services	-	-	-	-
Payments to other governmental agencies	178,160	-	-	178,160
Facilities acquisitions	20,509	-	-	20,509
Food service activities	-	-	303,484	303,484
Athletic activities	-	-	153,099	153,099
Public Library activities	-	-	67,433	67,433
Debt Service:				
Principal	-	415,161	-	415,161
Interest	-	186,401	-	186,401
Other	-	4,439	-	4,439
TOTAL EXPENDITURES	7,046,076	606,001	524,016	8,176,093
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(308,993)	(45,452)	(3,826)	(358,271)
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	(90,668)	-	90,668	-
TOTAL OTHER FINANCING SOURCES (USES)	(90,668)	-	90,668	-
NET CHANGE IN FUND BALANCES	(399,661)	(45,452)	86,842	(358,271)
Fund Balance, July 1	1,999,502	160,439	16,215	2,176,156
FUND BALANCE, JUNE 30	\$ 1,599,841	\$ 114,987	\$ 103,057	\$ 1,817,885

The accompanying notes are an integral part of these financial statements.

Munising Public Schools

Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities**

For the Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (358,271)

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	\$		
Depreciation expense		(334,025)	
Capital outlays - facilities acquisition		18,419	
Capital outlays - supporting services		33,066	
Capital outlays - instruction		90,679	
Loss on disposal		<u>(412)</u>	(192,273)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.

-

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

415,161

Unamortized bond issue costs are reported as expenditures in the governmental funds when incurred. However, for governmental activities those costs are shown in the statement of net assets and amortized over the life of the bond issuance as other costs in the statement of activities.

(4,663)

Deferred gain on refunding bonds is reported in the governmental funds when incurred. However, for governmental activities those gains are shown in the statement of net assets and amortized over the life of the bond issuance as other costs in the statement of activities.

14,664

The premium on refunding bonds is reported in the governmental funds when incurred. However, for governmental activities those gains are shown in the statement of net assets and amortized over the life of the bond issuance as other costs in the statement of activities.

33,056

Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

28,952

Change in Net Assets of Governmental Activities

\$ (63,374)

The accompanying notes are an integral part of these financial statements.

Munising Public Schools
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2009

	Totals
ASSETS:	
Cash and cash equivalents	\$ 220,478
Investments	257,577
TOTAL ASSETS	\$ 478,055
LIABILITIES:	
Due to groups, organizations and activities	\$ 478,055
TOTAL LIABILITIES	\$ 478,055

The accompanying notes are an integral part of these financial statements.

MUNISING PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A – THE FINANCIAL REPORTING ENTITY:

The School District operates under an elected Board of Education of seven (7) members, which are elected across the District to establish programs and policies.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the financial position of the Munising Public Schools, Alger County. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Based upon the application of these criteria, the financial statements of the Munising Public Schools contain all the funds controlled by the School District's Board of Education as no other entity meets the criteria to be considered a component unit of the School District nor is the School District a component unit of another entity.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the School District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

BASIS OF PRESENTATION

District-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the School District as a whole. They include all funds of the School District except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through State sources, intergovernmental revenues, and other non-exchange revenues. All of the School District's district-wide activities are considered to be governmental activities.

Fund Financial Statements:

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. The General Fund is always considered a major fund and the remaining funds of the School District are considered major if it meets the following criteria:

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The School District reports the General Fund and Debt Service Fund as its major governmental funds in accordance with the above criteria. The funds of the School District are described below:

Governmental Funds

General Fund – The General Fund is the main operating fund and accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects). The special revenue funds for the Munising Public Schools are the Food Service, Athletics and Public Library Funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources such as taxes, state aid and interest revenue for the payment of general long-term debt principal, interest, and related costs.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the district-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resource measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting

In the district-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Also, the fiduciary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures, including capital outlay, are recorded when the related liability is incurred, except for principal and interest on general long-term debt and accrued compensated absences, which are reported when due.

Cash and Equivalents

The School District cash and cash equivalents as reported in the Statement of Net Assets are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with maturities of three months or less.

Investments

Investments are carried at market value.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due From and To Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Inventory

Inventories are stated at cost, on a first-in, first-out basis, which approximates market value. Inventories recorded in the General Fund consist of centrally warehoused teaching and operating supplies for the School District. The School Lunch Fund consists of food and paper goods. For other funds, expenditures are recorded at the time of use.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure-type assets.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Debt

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

Compensated Absences

The School District' policies regarding compensated absences permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the district-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Deferred Revenues

In the district-wide statements, deferred revenue is recognized when cash, receivables or other assets are received prior to their being earned. In the governmental fund statements, deferred revenue is recognized when revenue is unearned or unavailable. The School District has reported deferred revenue of \$3,429 in the General Fund for grant funding that has been received but is unearned, and \$1,552 in the Lunch Fund for lunch fees received but unearned.

Equity Classification

District-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in Capital Assets, Net of Related Debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted Net Assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

3. Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated, if appropriate.

Revenues

District-Wide Statements

In the district-wide Statement of Activities, revenues are segregated by activity, and are classified as either program revenue or general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues include all revenues, which do not meet the criteria of program revenues and include revenues such as State funding and interest earnings.

Fund Statements

In the governmental fund statements, revenues are reported by source, such as federal sources, state sources and charges for services. Revenues consist of general purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general purpose and restricted revenues are available for use, it is the School District’s policy to use the restricted resources first.

Property Taxes

Property taxes are levied on July 1 and December 1, on behalf of the District by various taxing units and are payable without penalty by September 30 and February 28. The District recognizes property tax revenue when levied to the extent they result in current receivables (collected within sixty days of the end of the fiscal year.) Property taxes that are not collected within sixty days of the end of the fiscal year are recognized as revenue when collected.

Expenses/Expenditures

District-Wide Statements

In the district-wide Statement of Activities, expenses are segregated by activity (governmental or business-type), and are classified by function.

Fund Statements

In the governmental fund financial statements, expenditures are classified by character such as current operations, debt service and capital outlay.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. Exceptions to this rule are (1) activities between funds reported as governmental activities and funds reported as business-type activities; and (2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets between funds without equivalent flows of assets in return or a requirement for repayment.

Interfund receivables and payables have been eliminated from the Statement of Net Assets.

Budgets and Budgetary Accounting

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is approved by the Board of Education.
- d. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Education.
- e. All annual appropriations lapse at fiscal year end.

Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of June 30, 2009, the District's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Government
Cash and equivalents	\$1,339,001	\$220,478	\$1,559,479
Investments	-	257,577	257,577
	<u>\$1,339,001</u>	<u>\$478,055</u>	<u>\$1,817,056</u>

NOTE C – DEPOSITS AND INVESTMENTS (Continued):

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. State law does not require and the School does not have a deposit policy for custodial credit risk. The carrying amounts of the School's deposits with financial institutions were \$1,559,479 and the bank balance was \$2,046,124. The bank balance is categorized as follows.

Amount of Petty Cash	\$615
Amount insured by the FDIC	850,000
Amount uncollateralized and uninsured	1,195,509
	\$2,046,124

Investments

As of June 30, 2009, the District had the following investments.

Investment Type	Fair Value	Investment in Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Mutual Funds	\$257,577	\$257,577	\$-	\$-	\$-
TOTAL	\$257,577	\$257,577	\$-	\$-	\$-

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the District's investments. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes authorize the District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The District has no investment policy that would further limit its investment choices. Ratings are not required for the District's investment in Treasury Notes. The District's investments are in accordance with statutory authority.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE D – ACCRUED LIABILITIES:

A summary of accrued liabilities at June 30, 2009 is as follows:

	Governmental Activities
Accrued wages	\$344,964
Accrued MESSA	123,474
Accrued fringes	83,447
Other accrued expenses	82
	<u>\$551,967</u>

NOTE E – LONG-TERM OBLIGATIONS:

A summary of long-term obligations at June 30, 2009, and transactions related thereto for the year then ended is as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
School Improvement					
Bonds – Series 1998	\$54,754	\$-	\$5,161	\$49,593	\$5,406
2005 Refunding Bonds	3,865,000	-	410,000	3,455,000	425,000
Subtotal	<u>3,919,754</u>	<u>-</u>	<u>415,161</u>	<u>3,504,593</u>	<u>430,406</u>
Employee Benefits	1,273,546	17,242	46,194	1,244,594	-
TOTAL LONG-TERM DEBT	<u>\$5,193,300</u>	<u>\$17,242</u>	<u>\$461,355</u>	<u>\$4,749,187</u>	<u>\$430,406</u>

**School Improvement Bonds
June 30, 2009**

School Year	May 15		Total
	Interest	Principal	
2009-2010	\$1,106	\$5,406	\$6,512
2010-2011	848	5,664	6,512
2011-2012	11,444	32,308	43,752
2012-2013	296	6,215	6,511
Totals	<u>\$13,694</u>	<u>\$49,593</u>	<u>\$63,287</u>

The School Improvement Bonds, Series 1998 (\$92,731) dated November 24, 1998 mature annually on May 15 with interest at a rate of 4.76% per annum. The only revenue source for making the debt service payment on these School Improvement Bonds is an annual appropriation from the State of Michigan.

NOTE E – LONG-TERM OBLIGATIONS (Continued):

**2005 Refunding Bonds
June 30, 2009**

School Year	November 1	May 1		Total
	Interest	Interest	Principal	
2009-2010	\$86,375	\$86,375	\$425,000	\$597,750
2010-2011	75,750	75,750	445,000	596,500
2011-2012	64,625	64,625	470,000	599,250
2012-2013	52,875	52,875	490,000	595,750
2013-2014	40,625	40,625	515,000	596,250
2014-2015	27,750	27,750	540,000	595,500
2015-2016	14,250	14,250	570,000	598,500
Totals	<u>\$362,250</u>	<u>\$362,250</u>	<u>\$3,455,000</u>	<u>\$4,179,500</u>

On February 2, 2005, the District issued \$4,990,000 in General Obligation Bonds with an average interest rate of 3.75% to advance refund \$5,151,305 of outstanding Capital Appreciation Bonds with an average interest rate of 7.61%. The net proceeds of \$5,384,260 (after payment of \$86,355 in underwriting fees, insurance, and other issuance costs) plus additional \$117,000 Debt Retirement Fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Capital Appreciation Bonds. As a result, the Capital Appreciation Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$161,305. This difference, reported in the accompanying financial statements as a component of bonds payable, is being charged to operations through the year 2016 using the effective-interest method. The District completed the advance refunding to reduce its total debt service payments over the next 11 years by \$2,047,598 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$1,332,212.

As of June 30, 2009 the aggregate maturities of long-term debt for the next succeeding five years are as follows:

School Year	Principal	Interest	Total
2009-2010	\$430,406	\$173,856	\$604,262
2010-2011	450,664	152,348	603,012
2011-2012	502,308	140,694	643,002
2012-2013	496,215	106,046	602,261
2013-2014	515,000	81,250	596,250
2014-2015	540,000	55,500	595,500
2015-2016	570,000	28,500	598,500
Totals	<u>\$3,504,593</u>	<u>\$738,194</u>	<u>\$4,242,787</u>

NOTE F – EMPLOYEE BENEFITS – COMPENSATED ABSENCES:

The School District accrues the liability for earned sick leave based on the termination method. The liability is accrued as the benefits are earned. Teachers meeting the requirements for retirement are paid \$200 per day up to 130 days of unused accumulated sick leave to be paid over three years in equal installments. Also upon retirement under the appropriate requirements the retiree is paid one month's pay based on a ten month school year at the teacher's current rate of pay excluding extracurricular pay. Other non-teaching employees are paid for sick leave based on their appropriate contract.

As of June 30, 2009 the liability for employee benefits as reported in the statement of net assets is as follows:

Sick Leave	\$750,214
Vacation Leave	79,660
Retirement	414,720
	<u>\$1,244,594</u>

NOTE G – CAPITAL ASSETS:

Capital assets activity of the School District's governmental activities was as follows:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$167,626	\$ -	\$-	\$167,626
Subtotal	<u>167,626</u>	<u>-</u>	<u>-</u>	<u>167,626</u>
Capital assets being depreciated:				
Land improvements	649,138	-	-	649,138
Buildings	8,794,754	18,419	-	8,813,173
Equipment	2,937,713	123,745	(17,501)	3,043,957
Vehicles and buses	660,736	-	-	660,736
Construction in progress	-	-	-	-
Total Capital Assets Being Depreciated	<u>13,042,341</u>	<u>142,164</u>	<u>(17,501)</u>	<u>13,167,004</u>
Less accumulated depreciation:				
Land improvements	(389,681)	(15,281)	-	(404,962)
Buildings	(5,318,802)	(167,537)	-	(5,486,339)
Equipment	(2,440,134)	(114,122)	17,089	(2,537,167)
Vehicle and buses	(496,700)	(37,085)	-	(533,785)
Total Accumulated Depreciation	<u>(8,645,317)</u>	<u>(334,025)</u>	<u>17,089</u>	<u>(8,962,253)</u>
Governmental Activities Capital Assets, Net	<u>\$4,564,650</u>	<u>\$(191,861)</u>	<u>\$(412)</u>	<u>\$4,372,377</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Unallocated	\$334,025
Total Governmental Activities Depreciation Expense	<u>\$334,025</u>

NOTE H – RESERVED AND DESIGNATED FUND EQUITY:

The School District designates fund equities for the following funds:

School Lunch Fund – The resources of the School Lunch Fund are to be used for the school lunch program. The fund equity is reserved for this purpose.

Debt Service Funds – The resources of the Debt Service Funds have been accumulated for the specific purpose of bond and interest debt retirement. The fund equities are reserved for these purposes.

Public Library – The resources of the Public Library Fund have been accumulated for the specific purpose of operating the Munising Public Library. The fund equities are reserved for this purpose.

NOTE I – STATE REVENUE:

The State of Michigan currently uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a state wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2009, the foundation allowance was based on the weighted average of pupil membership counts taken in February and October.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The state revenue is recognized during the foundation period (currently the fiscal year) and is funded through 11 payments from October 2008 – August 2009.

The School District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

NOTE J – FUND MODIFICATIONS (TRANSFER TO/FROM OTHER FUNDS):

Munising Public Schools reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds. Interfund transactions resulting in interfund receivables and payables are as follows:

	Due From Other Funds	
	General Fund	Total Due To
Athletic Fund	\$99,328	\$99,328
Total Due From	\$99,328	\$99,328

NOTE J – FUND MODIFICATIONS (TRANSFER TO/FROM OTHER FUNDS) (Continued):

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. See table below.

		Transfer Out To Other Funds		
		General Fund	Public Library Fund	Total Transfers In
Transfer In From Other Funds	General Fund	\$-	\$10,800	\$10,800
	Athletic Fund	99,328	-	99,328
	Lunch Fund	2,140	-	2,140
	Total Transfers Out	\$101,468	\$10,800	\$112,268

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE K – NONMONETARY TRANSACTIONS:

The School District receives USDA donated food commodities for use in its food service program which are accounted for in the School Lunch Fund. The commodities are accounted for on the modified accrual basis and the related revenues and expenditures are recognized as commodities as utilized. The School District recognized \$24,559 during fiscal 2009 in revenues and expenditures for USDA commodities.

NOTE L – PROPERTY TAXES:

The taxable value of real and personal property located in the District for the 2008 tax year, totaled \$160,334,221 (consisting of \$71,947,677 for PRE \$12,543,500 for Industrial Personal Property, \$73,093,794 for Non-PRE and \$2,749,250 for Commercial Personal Property). The tax levy for the year was based on a rate of 18 mills on the Non-homestead property, 6 mills on the Commercial Personal Property, and 3.4 mills on all property types for Debt Retirement. One mill is equal to \$1.00 per \$1,000 of taxable value.

NOTE M – EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN:

Substantially all of the District’s employees are eligible to participate in the statewide Michigan Public School Employees’ Retirement System (MPERS), a multiple-employer, cost-sharing public employee retirement system. Effective January 1, 1987, Act 91 of the Public Acts of 1985 established a voluntary contribution to the Member Investment plan (MIP). Employees first hired before January 1, 1990, made a one-time irrevocable election to contribute to the tax deferred MIP. Employees first hired on or after January 1, 1990 will automatically be included in MIP.

NOTE M – EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued):

Members in MIP may retire at any age after attaining thirty years of creditable service or at age sixty while still working with a minimum total of five years of creditable service and with credited service in each of the five school fiscal years immediately preceding the retirement allowance effective date. The retirement allowance is calculated using a formula of 1.5% of the average of the highest total earnings during a period of thirty-six consecutive calendar months (three years) multiplied by total years to the nearest tenth of a year of credited service.

Employees who did not elect the MIP option fall under the MPSERS Basic Plan and may retire after attaining age sixty with ten or more years of credited service; or with thirty or more years of credited service; or attaining age fifty-five while still working at least fifteen but fewer than thirty years of credited service in each of the five school fiscal years immediately preceding the retirement allowance effective date.

The retirement allowance is computed using a formula of 1.5% of the average of the highest total earnings during a period of sixty consecutive months (five years) multiplied by the total years to the nearest tenth of a year of credited service.

The MPSERS also provides death, disability, health, medical, dental, vision and hearing insurance coverage. Benefits are established by state statute.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan. MPSERS' issues a publicly available financial report that includes financial statements and required supplementary information for the system. More information may be obtained by writing MPSERS at MPSERS, P.O. Box 30673, Lansing, Michigan 48909-8173.

Pension Benefits

Employer contributions to the pension system result from the implementing effects of the School Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The District was required by state statute to contribute 16.72% of covered compensation to the Plan through September 30, 2008 and 16.54% of covered compensation for the remainder of the year. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The total amount contributed to the Plan for the year ended June 30, 2009 was \$743,736 which consisted of \$654,813 from the District and \$88,923 from employees electing the MIP option. These represent approximately 16.6% and 2.2% of covered payroll, respectively. The District's aggregate contributions to the MPSERS plan for the years ended June 30, 2009, 2008, and 2007 were \$743,736, \$786,734, and \$785,749, respectively.

Payroll paid to employees covered by the System for the year ended June 30, 2009 was approximately \$3,950,117 and the District's total payroll was approximately \$4,017,738.

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees electing this coverage contribute an amount equivalent to the monthly cost of Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The required contribution rate was 6.55% (of total 16.72% required contribution) of covered payroll for the period from July 1, 2008 through September 30, 2008 and 6.81% (of 16.54% total required contribution) for the period from

NOTE M – EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued):

October 1, 2008 through June 30, 2009. Required contributions for post employment health care benefits are included as part of the District's total contribution to the MPSERS plan discussed above.

NOTE N – CONTINGENT LIABILITIES:

Grant Assistance

The School District has received significant assistance from federal and state agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the School District.

Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The School District joined together with other units and created a public entity risk pool currently operating as a common risk management and insurance program. The School District pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The School District is unable to provide an estimate of the amounts of additional assessments that may be required to make the pool self-sustaining.

NOTE O – ECONOMIC DEPENDENCY:

The School District received approximately 65 percent of its revenue through state and federal sources to be used for providing elementary and secondary education for the residents of Munising. The District's Foundation Allowance is set by the state and includes the local contribution from Non Homestead taxes. Increases in the local Non Homestead property tax revenues are offset by a corresponding decrease in state aid on a per pupil basis.

NOTE P – SINGLE AUDIT:

The District's audited financial statements report a total of \$743,819 in Federal expenditures. As this amount is greater than the single audit threshold of \$500,000, the District is required to have an audit in accordance with OMB Circular A-133 for the fiscal year ended June 30, 2009.

REQUIRED SUPPLEMENTAL INFORMATION

Munising Public Schools

General Fund

Budgetary Comparison Schedule

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original Budget to Final Budget	Final Budget to Actual
REVENUES:					
Local sources	\$ 2,027,888	\$ 1,792,959	\$ 1,806,009	\$ (234,929)	\$ 13,050
State sources	4,333,047	4,338,993	4,339,195	5,946	202
Federal sources	276,040	592,737	591,879	316,697	(858)
TOTAL REVENUES	6,636,975	6,724,689	6,737,083	87,714	12,394
EXPENDITURES:					
Instruction:					
Basic Programs	3,195,679	3,137,760	3,112,614	57,919	25,146
Added Needs	852,253	939,244	933,196	(86,991)	6,048
Adult/Continuing education	-	-	-	-	-
Total Instruction	4,047,932	4,077,004	4,045,810	(29,072)	31,194
Supporting Services:					
Pupil services	179,910	177,872	171,271	2,038	6,601
Instructional staff	171,158	161,660	142,279	9,498	19,381
General administration	251,099	249,060	242,326	2,039	6,734
School administration	530,679	530,860	527,436	(181)	3,424
Fiscal services	172,534	176,374	175,850	(3,840)	524
Operation and maintenance	913,059	898,970	865,167	14,089	33,803
Security	-	-	-	-	-
Pupil transportation	435,383	402,639	394,820	32,744	7,819
Staff services	-	22,139	12,888	(22,139)	9,251
Support service - technology	298,263	271,114	269,560	27,149	1,554
Total Supporting Services	2,952,085	2,890,688	2,801,597	61,397	89,091
Other Functions:					
Community Service	-	-	-	-	-
Custody and Care of Children	-	-	-	-	-
Total Other Functions	-	-	-	-	-
Payments to Other Governmental Agencies					
Prior period taxable value adjustments	-	179,160	178,160	(179,160)	1,000
Total Payments to Other Government Agencies	-	179,160	178,160	(179,160)	1,000
Facilities Acquisition					
Capital Outlay	10,000	31,172	20,509	(21,172)	10,663
Total Facilities Acquisition	10,000	31,172	20,509	(21,172)	10,663
TOTAL EXPENDITURES	7,010,017	7,178,024	7,046,076	(168,007)	131,948
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(373,042)	(453,335)	(308,993)	(80,293)	144,342
OTHER FINANCING SOURCES					
Transfers in (out)	(117,245)	(103,033)	(90,668)	14,212	12,365
NET CHANGE IN FUND BALANCE	(490,287)	(556,368)	(399,661)	(66,081)	156,707
Fund Balance, July 1	1,999,502	1,999,502	1,999,502	-	-
FUND BALANCE, JUNE 30	\$ 1,509,215	\$ 1,443,134	\$ 1,599,841	\$ (66,081)	\$ 156,707

Munising Public Schools
Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original Budget to Final Budget	Final Budget to Actual
REVENUES:					
Local sources	\$ 543,717	\$ 562,047	\$ 560,549	\$ 18,330	\$ (1,498)
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
TOTAL REVENUES	543,717	562,047	560,549	18,330	(1,498)
EXPENDITURES:					
Debt Service					
Principal	410,000	415,161	415,161	(5,161)	-
Interest	185,050	186,401	186,401	(1,351)	-
Other	5,512	5,937	4,439	(425)	1,498
TOTAL EXPENDITURES	600,562	607,499	606,001	(6,937)	1,498
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(56,845)	(45,452)	(45,452)	11,393	-
OTHER FINANCING SOURCES					
Transfers in (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(56,845)	(45,452)	(45,452)	11,393	-
Fund Balance, July 1	160,439	160,439	160,439	-	-
FUND BALANCE, JUNE 30	\$ 103,594	\$ 114,987	\$ 114,987	\$ 11,393	\$ -

SUPPLEMENTAL FINANCIAL INFORMATION

Munising Public Schools

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local Sources:			
Unrestricted:			
Taxes and Penalties:			
Property tax levy	\$ 1,332,182	\$ 1,326,494	\$ (5,688)
Other Local Sources:			
Rental of school facilities	26,000	27,953	1,953
Other local revenue	17,326	21,795	4,469
Income from investments	13,500	14,275	775
Refund on prior year expense	539	386	(153)
Sale of land	-	-	-
Restricted:			
Sault tribe funds	31,412	31,111	(301)
Medicaid fee for service	42,000	53,614	11,614
Special education - hold harmless	330,000	330,381	381
TOTAL LOCAL SOURCES	<u>1,792,959</u>	<u>1,806,009</u>	<u>13,050</u>
State Sources:			
Unrestricted:			
State aid	3,927,929	3,934,767	6,838
Isolated Districts	25,967	25,967	-
State Miscellaneous	120	328	208
Restricted:			
At Risk	125,592	125,596	4
Middle school math/science	-	-	-
Special Education - Hold Harmless	241,575	234,727	(6,848)
Durant payment	-	-	-
Gifted and talented	-	-	-
Vocational education	17,810	17,810	-
TOTAL STATE SOURCES	<u>4,338,993</u>	<u>4,339,195</u>	<u>202</u>
Federal Sources:			
Unrestricted:			
Schools and Roads Grant	49,776	50,186	410
ARRA Stabilization	292,655	292,655	-
Restricted:			
Title II	50,358	50,358	-
Title IX - Indian Education	39,554	39,554	-
MyPyramid	1,700	1,700	-
Strong families, safe children	-	-	-
Restricted - received through the state:			
E.I.C.I.A. Title I	119,411	119,411	-
E.I.C.I.A. Title V	-	-	-
Restricted - received through MARESA:			
PA 94-142 Special Education Flow through	33,661	32,393	(1,268)
Other	5,622	5,622	-
TOTAL FEDERAL SOURCES	<u>592,737</u>	<u>591,879</u>	<u>(858)</u>
TOTAL REVENUES	<u>6,724,689</u>	<u>6,737,083</u>	<u>12,394</u>

Munising Public Schools

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
Instruction:			
Elementary:			
Salaries	\$ 987,759	\$ 985,414	\$ 2,345
Fringe benefits	579,511	573,969	5,542
Purchased services	11,271	10,535	736
Supplies and materials	47,586	44,942	2,644
Capital outlay	-	-	-
Other expenses	1,020	1,009	11
TOTAL ELEMENTARY	<u>1,627,147</u>	<u>1,615,869</u>	<u>11,278</u>
High School:			
Salaries	914,694	914,049	645
Fringe benefits	503,591	502,406	1,185
Purchased services	18,103	16,932	1,171
Supplies and materials	59,139	50,156	8,983
Capital outlay	7,281	7,107	174
Other expenses	7,805	6,095	1,710
TOTAL HIGH SCHOOL	<u>1,510,613</u>	<u>1,496,745</u>	<u>13,868</u>
Summer School:			
Salaries	-	-	-
Fringe benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL SUMMER SCHOOL	<u>-</u>	<u>-</u>	<u>-</u>
Special Education:			
Salaries	396,107	393,219	2,888
Fringe benefits	212,371	210,896	1,475
Purchased services	38,000	37,287	713
Supplies and materials	6,626	3,397	3,229
Capital outlay	-	2,264	(2,264)
Other expenses	-	-	-
TOTAL SPECIAL EDUCATION	<u>653,104</u>	<u>647,063</u>	<u>6,041</u>
Compensatory Education:			
Salaries	147,583	147,581	2
Fringe benefits	72,869	72,871	(2)
Purchased services	300	300	-
Supplies and materials	46,904	46,904	-
Capital outlay	1,132	1,132	-
Other expenses	-	-	-
TOTAL COMPENSATORY EDUCATION	<u>268,788</u>	<u>268,788</u>	<u>-</u>
Career and Technical Education:			
Salaries	132	132	-
Fringe benefits	28	21	7
Purchased services	150	150	-

Munising Public Schools

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
Supplies and materials	\$ 10,045	\$ 10,045	\$ -
Capital outlay	6,997	6,997	-
Other expenses	-	-	-
TOTAL CAREER AND TECHNICAL EDUCATION	17,352	17,345	7
TOTAL INSTRUCTION	4,077,004	4,045,810	31,194
Supporting Services:			
Pupil Services:			
Guidance:			
Salaries	26,569	26,562	7
Fringe benefits	15,153	14,425	728
Purchased services	-	-	-
Supplies and materials	36	36	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL GUIDANCE	41,758	41,023	735
Health:			
Salaries	12,565	12,350	215
Fringe benefits	3,070	3,004	66
Purchased services	-	-	-
Supplies and materials	300	290	10
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL HEALTH	15,935	15,644	291
Speech Pathology and Audiology:			
Salaries	51,705	51,505	200
Fringe benefits	29,069	28,999	70
Purchased services	-	-	-
Supplies and materials	890	889	1
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL SPEECH PATHOLOGY AND AUDIOLOGY	81,664	81,393	271
Teacher Consultants:			
Salaries	10,538	10,538	-
Fringe benefits	6,158	5,858	300
Purchased services	-	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL TEACHER CONSULTANTS	16,696	16,396	300
Other Pupil Support:			
Salaries	17,549	13,552	3,997
Fringe benefits	4,270	3,263	1,007
Purchased services	-	-	-

Munising Public Schools

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
Supplies and materials	\$ -	\$ -	\$ -
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL OTHER PUPIL SUPPORT	<u>21,819</u>	<u>16,815</u>	<u>5,004</u>
TOTAL PUPIL SERVICES	<u>177,872</u>	<u>171,271</u>	<u>6,601</u>
Instructional Staff:			
Improvement of Instruction:			
Salaries	13,922	6,497	7,425
Fringe benefits	3,103	1,080	2,023
Purchased services	16,421	11,740	4,681
Supplies and materials	1,527	1,527	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL IMPROVEMENT OF INSTRUCTION	<u>34,973</u>	<u>20,844</u>	<u>14,129</u>
Educational Media:			
Salaries	28,624	28,522	102
Fringe benefits	17,714	17,168	546
Purchased services	4,000	1,910	2,090
Supplies and materials	3,788	1,901	1,887
Capital outlay	-	-	-
Other expenses	335	158	177
TOTAL EDUCATION MEDIA	<u>54,461</u>	<u>49,659</u>	<u>4,802</u>
Technology Assisted			
Salaries	-	-	-
Fringe benefits	-	-	-
Purchased services	5,550	5,550	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL TECHNOLOGY ASSISTED	<u>5,550</u>	<u>5,550</u>	<u>-</u>
Supervision and Direction			
Salaries	49,306	49,305	1
Fringe benefits	17,370	16,921	449
Purchased services	-	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL SUPERVISION AND DIRECTION	<u>66,676</u>	<u>66,226</u>	<u>450</u>
TOTAL INSTRUCTIONAL STAFF	<u>161,660</u>	<u>142,279</u>	<u>19,381</u>
General Administration:			
Board of Education			
Salaries	-	-	-
Fringe benefits	-	-	-
Purchased services	23,654	21,124	2,530
Supplies and materials	-	-	-

Munising Public Schools

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
Capital outlay	\$ -	\$ -	\$ -
Other expenses	4,000	3,785	215
TOTAL BOARD OF EDUCATION	27,654	24,909	2,745
Executive Administration			
Salaries	135,528	135,521	7
Fringe benefits	68,481	67,725	756
Purchased services	13,500	10,769	2,731
Supplies and materials	925	626	299
Capital outlay	-	-	-
Other expenses	2,972	2,776	196
TOTAL EXECUTIVE ADMINISTRATION	221,406	217,417	3,989
TOTAL GENERAL ADMINISTRATION	249,060	242,326	6,734
School Administration:			
Office of the Principal			
Salaries	341,684	340,654	1,030
Fringe benefits	187,836	185,556	2,280
Purchased services	-	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	1,340	1,226	114
TOTAL OFFICE OF THE PRINCIPAL	530,860	527,436	3,424
TOTAL SCHOOL ADMINISTRATION	530,860	527,436	3,424
Business Services:			
Fiscal Services:			
Salaries	101,949	101,949	-
Fringe benefits	60,445	60,013	432
Purchased services	1,488	1,230	258
Supplies and materials	1,497	890	607
Capital outlay	4,995	4,995	-
Other expenses	-	-	-
TOTAL FISCAL SERVICES	170,374	169,077	1,297
Other Business Services:			
Salaries	-	-	-
Fringe benefits	-	-	-
Purchased services	6,000	5,986	14
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	-	787	(787)
TOTAL OTHER BUSINESS SERVICES	6,000	6,773	(773)
TOTAL BUSINESS SERVICES	176,374	175,850	524
Operation and Maintenance:			
Salaries	285,987	283,642	2,345
Fringe benefits	145,708	142,626	3,082
Purchased services	127,405	123,880	3,525
Supplies and materials	337,477	312,782	24,695
Capital outlay	2,200	2,187	13
Other expenses	193	50	143
TOTAL OPERATION AND MAINTENANCE	898,970	865,167	33,803

Munising Public Schools

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Favorable (Unfavorable)
Security:			
Salaries	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL SECURITY	-	-	-
Pupil Transportation			
Salaries	210,353	208,378	1,975
Fringe benefits	86,434	84,107	2,327
Purchased services	41,059	39,600	1,459
Supplies and materials	63,793	61,954	1,839
Capital outlay	-	-	-
Other expenses	1,000	781	219
TOTAL PUPIL TRANSPORTATION	402,639	394,820	7,819
Staff Services:			
Salaries	-	-	-
Fringe benefits	-	-	-
Purchased services	22,139	12,888	9,251
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL STAFF SERVICES	22,139	12,888	9,251
Support Services/Technology:			
Salaries	62,555	62,555	-
Fringe benefits	33,159	32,713	446
Purchased services	43,985	43,836	149
Supplies and materials	46,725	45,910	815
Capital outlay	84,690	84,546	144
Other expenses	-	-	-
TOTAL SUPPORT SERVICES/TECHNOLOGY	271,114	269,560	1,554
TOTAL SUPPORTING SERVICES	2,890,688	2,801,597	89,091
Community Services			
Salaries	-	-	-
Fringe benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other expenses	-	-	-
TOTAL COMMUNITY SERVICES	-	-	-
Payments to Other Governmental Agencies			
Title II, Part A - SAM Transfer	-	-	-
AmeriCorps	-	-	-
Prior Years State Aid Adjustments	178,160	178,160	-
Indirect Costs	1,000	-	1,000
TOTAL PAYMENTS TO OTHER GOVERNMENTAL AGENCIES	179,160	178,160	1,000

Munising Public Schools

General Fund

**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Facilities Acquisition			
Capital Outlay	\$ 31,172	\$ 20,509	\$ 10,663
TOTAL FACILITIES ACQUISITION	<u>31,172</u>	<u>20,509</u>	<u>10,663</u>
TOTAL EXPENDITURES	<u>7,178,024</u>	<u>7,046,076</u>	<u>131,948</u>
EXCESS REVENUES (EXPENDITURES)	<u>(453,335)</u>	<u>(308,993)</u>	<u>144,342</u>
Other Financing Sources (Uses):			
Transfers In (Out):			
Lunch Fund	(2,140)	(2,140)	-
Athletic Fund	(111,693)	(99,328)	12,365
Public Library Fund	10,800	10,800	-
TOTAL OTHER FINANCING USES	<u>(103,033)</u>	<u>(90,668)</u>	<u>12,365</u>
NET CHANGE IN FUND BALANCE	<u>(556,368)</u>	<u>(399,661)</u>	<u>156,707</u>
Fund Balance, July 1	1,999,502	1,999,502	-
FUND BALANCE, JUNE 30	<u>\$ 1,443,134</u>	<u>\$ 1,599,841</u>	<u>\$ 156,707</u>

Munising Public Schools

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes and penalties	\$ 553,235	\$ 551,642	\$ (1,593)
State aid	6,512	6,512	-
Interest	2,300	2,395	95
TOTAL REVENUES	562,047	560,549	(1,498)
EXPENDITURES:			
Principal payments	415,161	415,161	-
Interest	186,401	186,401	-
Other	5,937	4,439	1,498
TOTAL EXPENDITURES	607,499	606,001	1,498
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(45,452)	(45,452)	-
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(45,452)	(45,452)	-
Fund Balance, July 1	160,439	160,439	-
FUND BALANCE, JUNE 30	\$ 114,987	\$ 114,987	\$ -

Munising Public Schools

Non-Major Funds

Combining Balance Sheet

June 30, 2009

	Special Revenue Funds			
	<u>School Lunch Fund</u>	<u>Athletic Fund</u>	<u>Public Library Fund</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ -	\$ -	\$ 87,447	\$ 87,447
Accounts receivable	2,994	-	14,897	17,891
Due from other funds	-	99,328	-	99,328
Inventory	19,435	-	-	19,435
	<u>22,429</u>	<u>99,328</u>	<u>102,344</u>	<u>224,101</u>
TOTAL ASSETS	\$ 22,429	\$ 99,328	\$ 102,344	\$ 224,101
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Cash overdrafts	\$ 17,293	\$ 95,417	\$ -	\$ 112,710
Accounts payable	-	3,911	2,871	6,782
Accrued liabilities	-	-	-	-
Deferred revenue	1,552	-	-	1,552
	<u>18,845</u>	<u>99,328</u>	<u>2,871</u>	<u>121,044</u>
TOTAL LIABILITIES	18,845	99,328	2,871	121,044
FUND BALANCES:				
Reserved for school service activities	<u>3,584</u>	<u>-</u>	<u>99,473</u>	<u>103,057</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,429	\$ 99,328	\$ 102,344	\$ 224,101

Munising Public Schools

Non-Major Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2009

	Special Revenue Funds			Total
	School Lunch Fund	Athletic Fund	Public Library Fund	
REVENUES:				
Athletic activities	\$ -	\$ 53,771	\$ -	\$ 53,771
School lunch activities	133,320	-	-	133,320
Public library activities	-	-	161,491	161,491
State aid	19,668	-	-	19,668
Federal sources	151,940	-	-	151,940
TOTAL REVENUES	304,928	53,771	161,491	520,190
EXPENDITURES:				
School lunch activities	303,484	-	-	303,484
Athletic activities	-	153,099	-	153,099
Public library activities	-	-	67,433	67,433
TOTAL EXPENDITURES	303,484	153,099	67,433	524,016
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,444	(99,328)	94,058	(3,826)
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	2,140	99,328	(10,800)	90,668
TOTAL OTHER FINANCING SOURCES (USES)	2,140	99,328	(10,800)	90,668
NET CHANGE IN FUND BALANCE	3,584	-	83,258	86,842
Fund Balance, July 1	-	-	16,215	16,215
FUND BALANCE, JUNE 30	\$ 3,584	\$ -	\$ 99,473	\$ 103,057

Munising Public Schools

School Lunch Fund

**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
School lunch activities	\$ 132,885	\$ 133,320	\$ 435
State aid	19,666	19,668	2
Federal sources	146,717	151,940	5,223
TOTAL REVENUES	299,268	304,928	5,660
EXPENDITURES:			
School lunch activities:			
Salaries	107,666	104,818	2,848
Fringe benefits	65,153	62,218	2,935
Purchased services	435	435	-
Supplies and materials	135,645	135,507	138
Capital outlay	-	-	-
Other expenses	509	506	3
TOTAL EXPENDITURES	309,408	303,484	5,924
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(10,140)	1,444	11,584
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	10,140	2,140	(8,000)
TOTAL OTHER FINANCING SOURCES (USES):	10,140	2,140	(8,000)
NET CHANGE IN FUND BALANCE	-	3,584	3,584
Fund Balance, July 1	-	-	-
FUND BALANCE, JUNE 30	\$ -	\$ 3,584	\$ 3,584

Munising Public Schools

Athletic Fund

**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Athletic activities	\$ 52,770	\$ 53,771	\$ 1,001
TOTAL REVENUES	52,770	53,771	1,001
EXPENDITURES:			
Athletic activities:			
Salaries	88,305	87,703	602
Fringe benefits	22,570	21,777	793
Purchased services	21,999	21,134	865
Supplies and materials	16,189	15,167	1,022
Capital outlay	4,900	4,898	2
Other expenses	2,500	2,420	80
TOTAL EXPENDITURES	156,463	153,099	3,364
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(103,693)	(99,328)	4,365
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	103,693	99,328	(4,365)
TOTAL OTHER FINANCING SOURCES (USES)	103,693	99,328	(4,365)
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance, July 1	-	-	-
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ -

Munising Public Schools

Public Library Fund

**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Public library revenue	\$ 154,380	\$ 161,491	\$ 7,111
TOTAL REVENUES	154,380	161,491	7,111
EXPENDITURES:			
Bookstore activities:			
Salaries	34,759	33,509	1,250
Fringe benefits	21,075	18,978	2,097
Purchased services	9,235	10,505	(1,270)
Supplies and materials	6,386	2,923	3,463
Capital outlay	1,356	1,356	-
Other expenses	170	162	8
TOTAL EXPENDITURES	72,981	67,433	5,548
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	81,399	94,058	12,659
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	(10,800)	(10,800)	-
TOTAL OTHER FINANCING SOURCES (USES)	(10,800)	(10,800)	-
NET CHANGE IN FUND BALANCE	70,599	83,258	12,659
Fund Balance, July 1	16,215	16,215	-
FUND BALANCE, JUNE 30	\$ 86,814	\$ 99,473	\$ 12,659

Munising Public Schools

Student Activity Agency Fund

Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2009

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30</u>
ASSETS				
Cash and cash equivalents	\$ 129,177	\$ 270,789	\$ 179,488	\$ 220,478
Investments	-	257,577	-	257,577
TOTAL ASSETS	<u>\$ 129,177</u>	<u>\$ 528,366</u>	<u>\$ 179,488</u>	<u>\$ 478,055</u>
LIABILITIES				
Due to others	\$ 129,177	\$ 528,366	\$ 179,488	\$ 478,055
TOTAL LIABILITIES	<u>\$ 129,177</u>	<u>\$ 528,366</u>	<u>\$ 179,488</u>	<u>\$ 478,055</u>

COMPLIANCE SECTION



ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

WISCONSIN
GREEN BAY
MILWAUKEE

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
Munising Public Schools
810 State Hwy M-28 W
Munising, Michigan 49862

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Munising Public Schools, as of and for the year ended June 30, 2009, which collectively comprise the Munising Public School's basic financial statements and have issued our report thereon dated October 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Munising Public School's 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 the Munising Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Munising Public School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Munising Public School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Munising Public School's financial statements that is more than inconsequential will not be prevented or detected by the Munising Public School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Munising Public School's internal control.

Board of Education
Munising Public Schools

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Munising Public School's 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 and use of management, Board of Education, 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.

Anderson, Jackman & Company, PLLC
Certified Public Accountants

October 16, 2009



REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Munising Public Schools
810 State Hwy M-28 W
Munising, Michigan 49862

Compliance

We have audited the compliance of Munising Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Munising Public School’s 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 Munising Public School’s management. Our responsibility is to express an opinion on Munising Public School’s 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 Munising Public School’s 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 of Munising Public School’s compliance with those requirements.

In our opinion, Munising Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of Munising 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 Munising Public School’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Munising Public School’s internal control over compliance.

Board of Education
Munising Public Schools

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, Board of Education, 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.

Anderson, Jackman & Company, PLLC
Certified Public Accountants

October 16, 2009

MUNISING PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memorandum Only) Prior Year Expenditures	Accrued (Deferred) Revenue 7/1/2008	Current Year Expenditures	Current Year Cash Receipts	Accrued (Deferred) Revenue 6/30/2009
U.S. DEPARTMENT OF AGRICULTURE:							
Direct Award							
Bonus Commodities	10.550	\$ 4,114	\$ 1,268	\$ -	\$ 4,114	\$ 4,114	\$ -
Entitlement Commodities	10.550	20,444	19,028	-	20,444	20,444	-
Sub-Total		<u>24,559</u>	<u>20,296</u>	<u>-</u>	<u>24,559</u>	<u>24,559</u>	<u>-</u>
Passed Through the Michigan Department of Education:							
National School Breakfast Program	091970	25,098	24,368	-	25,098	25,098	-
Sub-Total		<u>25,098</u>	<u>24,368</u>	<u>-</u>	<u>25,098</u>	<u>25,098</u>	<u>-</u>
Passed Through the Michigan Department of Education:							
Section 4 - All Lunches	081950	19,769	19,733	-	19,769	19,769	-
Section 11 - Free & Reduced Lunches	081960	82,514	78,105	-	82,514	82,514	-
Sub-Total		<u>102,283</u>	<u>97,839</u>	<u>-</u>	<u>102,283</u>	<u>102,283</u>	<u>-</u>
Passed Through the Michigan Department of Education:							
MyPyramid For Kids	086871-0708	1,700	-	-	1,700	1,700	-
		<u>1,700</u>	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>1,700</u>	<u>-</u>
Direct Award							
Schools & Road Grant - Alger County	N/A	50,077	54,004	-	50,077	50,077	-
Schools & Road Grant - Schoolcraft County	N/A	109	118	-	109	109	-
Sub-Total		<u>50,186</u>	<u>54,122</u>	<u>-</u>	<u>50,186</u>	<u>50,186</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>203,826</u>	<u>196,625</u>	<u>-</u>	<u>203,826</u>	<u>203,826</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION							
Passed Through Michigan Department of Education:							
Title I, Part A	081530-0708	102,119	102,119	-	-	-	-
Title I, Part A	091530-0809	119,411	-	-	119,411	56,383	63,028
Sub-Total		<u>221,530</u>	<u>102,119</u>	<u>-</u>	<u>119,411</u>	<u>56,383</u>	<u>63,028</u>
Passed Through Michigan Department of Education:							
Service Provider Self Review	080440-0708	4,000	750	-	-	-	-
Sub-Total		<u>4,000</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed Through Marquette-Alger Regional Education Service Agency							
Flow-Through	090450/0809	32,393	38,012	17,168	32,393	49,479	82
Sub-Total		<u>32,393</u>	<u>38,012</u>	<u>17,168</u>	<u>32,393</u>	<u>49,479</u>	<u>82</u>
Passed Through Delta-Schoolcraft Intermediate School District							
Perkins	093520/9012-02	3,917	3,296	-	3,917	2,980	937
Sub-Total		<u>3,917</u>	<u>3,296</u>	<u>-</u>	<u>3,917</u>	<u>2,980</u>	<u>937</u>
Direct Award:							
P.L. 920318 Indian Education, Title IX	S060A082157-01	39,554	41,791	-	39,554	25,743	13,811
Sub-Total		<u>39,554</u>	<u>41,791</u>	<u>-</u>	<u>39,554</u>	<u>25,743</u>	<u>13,811</u>

MUNISING PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memorandum Only) Prior Year Expenditures	Accrued (Deferred) Revenue 7/1/2008	Current Year Expenditures	Current Year Cash Receipts	Accrued (Deferred) Revenue 6/30/2009
Passed Through Marquette-Alger Regional Education Service Agency Safe & Drug Free Schools	092860/0809	84.186A	\$ 1,033	\$ 1,449	\$ -	\$ 1,033	\$ 1,033
Sub-Total			<u>1,033</u>	<u>1,449</u>	<u>-</u>	<u>1,033</u>	<u>1,033</u>
Passed Through the Michigan Department of Education: Title V, Part A - LEA Allocation	080250-0708	84.298	1,664	1,664	-	-	-
Sub-Total			<u>1,664</u>	<u>1,664</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed Through the Michigan Department of Education: Title II Part D	084290-0708	84.318	960	960	-	-	-
Title II Part D	094290-0809	84.318	1,026	-	1,026	1,026	-
Sub-Total			<u>1,986</u>	<u>960</u>	<u>-</u>	<u>1,026</u>	<u>-</u>
Passed Through Marquette-Alger Regional Education Service Agency Transition	090490-0809	84.323A	153	-	-	306	153
Sub-Total			<u>153</u>	<u>-</u>	<u>-</u>	<u>306</u>	<u>153</u>
Passed Through Marquette-Alger Regional Education Service Agency Improving Teacher Quality	080290-489	84.367B	224	747	-	224	224
Passed Through the Michigan Department of Education: Improving Teacher Quality	080520-0708	84.367	47,983	47,983	-	-	-
Improving Teacher Quality	090520-0809	84.367	49,332	-	-	49,332	18,110
Sub-Total			<u>97,539</u>	<u>48,730</u>	<u>-</u>	<u>49,556</u>	<u>18,334</u>
Passed Through the Michigan Department of Education: Education Stabilization Fund	092525-0809	84.394	292,655	-	-	-	-
Sub-Total			<u>292,655</u>	<u>-</u>	<u>-</u>	<u>292,655</u>	<u>292,655</u>
Passed Through Marquette-Alger Regional Education Service Agency Learn & Serve	0952200-0809	94.004	142	-	-	142	142
Sub-Total			<u>142</u>	<u>-</u>	<u>-</u>	<u>142</u>	<u>142</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>696,566</u>	<u>238,771</u>	<u>17,168</u>	<u>539,993</u>	<u>154,240</u>
GRAND TOTAL			<u>\$ 900,392</u>	<u>\$ 435,396</u>	<u>\$ 17,168</u>	<u>\$ 743,819</u>	<u>\$ 358,065</u>
			<u>\$ 402,922</u>			<u>\$ 402,922</u>	

MUNISING PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

NOTE A – OVERSIGHT AGENCY:

The U.S. Department of Education is the current year's oversight agency for the single audit as determined by the agency providing the largest share of the School District's federal awards.

NOTE B – BASIS OF ACCOUNTING:

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

NOTE C – FINAL COST REPORT - FORM DS4044:

The final cost reports are not due until 60 days after the end of the grant period. The reports for the current year were not completed as of the date of our report. However, we reviewed the reports filed for the prior year grants and noted that they agreed with either the prior year audited figures or the prior year and current year audit figures combined.

NOTE D – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS RECONCILIATION:

The amounts reported as current payments on the Grant Auditor Report, reconcile with the Schedule of Expenditures of Federal Awards as follows:

Current payments per Grant Auditor Report		\$ 788,303
Add - payments not on Grant Auditor Report:		
Payments on R7120	\$127,381	
Less – Prior year accrued receivable	-	
Accrued receivable	-	
Direct programs	89,740	
Passed through other Districts/Others	38,015	
Bonus and entitlement commodities	24,559	
Less – 2006, 2007, and 2008 Payments erroneous included on Grant Auditor Report	(324,179)	(44,484)
Less – deferred revenue at the beginning of year – MDE	-	
Add – deferred revenue at the end of year – MDE	-	
PER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		\$ 743,819

A reconciliation of expenditures on the Schedule of Federal Awards to federal revenue is as follows:

Total Federal Revenue Sources Reported in the Financial Statements		\$ 743,819
TOTAL FEDERAL AWARDS EXPENDITURES REPORTED IN THE SCHEDULE OF FEDERAL AWARDS		\$743,819

MUNISING PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year June 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of Munising Public Schools.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements of Munising Public Schools disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in this schedule.
5. The auditors' report on compliance for the major federal award programs for Munising Public Schools expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for Munising Public Schools were disclosed during the audit.
7. The programs tested as major programs were:

<u>Child Nutrition Cluster</u>	<u>CFDA #</u>
ARRA Stabilization 2009	84.394
Title I	84.010

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Munising Public Schools was determined to be a high-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT

NONE

MUNISING PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year June 30, 2009

There were no findings and/or questioned costs identified in the prior year, as an audit in accordance with OMB Circular A-133 was not required for the fiscal year ended June 30, 2008.

COMMUNICATION SECTION



Munising Public Schools
Communication with Those Charged with Governance
For the Year Ended June 30, 2009

October 16, 2009

Board of Education
Munising Public Schools
810 State Hwy M-28 W
Munising, Michigan 49862

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Munising Public Schools for the year ended June 30, 2009. 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 August 10, 2009. 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 Munising Public Schools are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. 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.

Difficulties Encountered in Performing the Audit

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

Board of Education
Munising Public Schools

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2009.

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.

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

Very truly yours,

Anderson, Jackman & Company, PLLC
Certified Public Accountants