

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEE,  
MICHIGAN  
Ottawa Lake, Michigan**

ANNUAL FINANCIAL REPORT  
June 30, 2019

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*School Board Members  
June 30, 2019*

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<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Tracy Malhoit	President	12/31/2020
David Dixon	Vice-President	12/31/2022
Christine Bischoff	Secretary	12/31/2022
Shane Hillard	Treasurer	12/31/2020
Janelle Young	Trustee	12/31/2022
Mike Iott	Trustee	12/31/2020
Kristi Mock	Trustee	12/31/2020

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

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June 30, 2019*

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## Independent Auditor's Report

Board of Education  
Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan  
Ottawa Lake, Michigan 49267

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB schedules on pages 6 through 14, 47 through 52, and 53 through 57, respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whiteford Agricultural School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, on our consideration of the Whiteford Agricultural School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whiteford Agricultural School District's internal control over financial reporting and compliance.



October 9, 2019

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

Board of Education  
Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan  
Ottawa Lake, Michigan 49267

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 9, 2019.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Whiteford Agricultural School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whiteford Agricultural School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Whiteford Agricultural School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Whiteford Agricultural School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 9, 2019

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

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This section of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan (Whiteford Schools) annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects Fund.

**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 Whiteford Schools financially as a whole. The ***District-Wide Financial Statements***, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the School District as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the School District's operations in more detail than the ***District-Wide Financial Statements*** by providing information about the School District's most significant funds - the General Fund and the Sinking Fund with all other funds presented in one column as nonmajor funds. The remaining statement, the Statement of Fiduciary Net Position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The following summary illustrates how the various parts of this annual report are arranged:

*Management's Discussion and Analysis (MD&A)  
(Required Supplemental Information)*

**Basic Financial Statements**

*District-Wide Financial Statements      Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Budgetary Information for Major Funds  
Pension and OPEB Schedules  
(Required Supplemental Information)*

*Other Supplemental Information*

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

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**District-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities (pages 15-16), which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The Statement of Net Position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, childcare and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

**Fund Financial Statements**

The School District's Fund Financial Statements (pages 17-21) provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

**Governmental funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 18 and 20.

**Fiduciary funds** - The School District is the trustee, or fiduciary for its student activity funds. All of the School District's fiduciary activities are reported in the Statement of Fiduciary Net Position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

**District–Wide Financial Analysis**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2019 and 2018.

**Table 1**

**Comparative Statement of Net Position**

	June 30, 2019	June 30, 2018
Current and other assets	\$3,653,290	\$3,457,403
Capital assets, net	7,175,923	6,813,015
<b>Total Assets</b>	<b>10,829,213</b>	<b>10,270,418</b>
<b>Deferred Outflows of Resources</b>	5,138,029	2,714,479
Current and other liabilities	1,559,603	1,284,378
Long-term liabilities	17,705,361	16,520,455
<b>Total Liabilities</b>	<b>19,264,964</b>	<b>17,804,833</b>
<b>Deferred Inflows of Resources</b>	1,819,208	966,892
Net Position		
Investment in capital assets	3,189,925	2,384,683
Restricted for technology enhancement	119,366	146,355
Restricted for debt service	86,519	87,844
Restricted for food service	61,030	42,264
Restricted for capital outlay	173,461	192,682
Unrestricted	(8,747,231)	(8,640,656)
<b>Total Net Position</b>	<b>(\$5,116,930)</b>	<b>(\$5,786,828)</b>

As depicted in Table 1, the School District's net position was a deficit of \$5,116,930 at June 30, 2019. Of this amount, a negative \$8,747,231 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability and the OPEB liability will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2019 and 2018.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

**District–Wide Financial Analysis - Concluded**

**Table 2**

**Comparative Statement of Changes in Net Position**

	June 30, 2019	June 30, 2018
<b>Revenues</b>		
Program revenues:		
Charges for services	\$185,591	\$189,776
State grants and other revenue	1,277,164	1,047,789
Federal grants	172,694	162,456
	1,635,449	1,400,021
General revenues:		
Property taxes	1,809,461	1,747,983
State foundation allowance	4,975,015	4,777,883
Other general revenues	222,687	159,513
	7,007,163	6,685,379
Total Revenues	8,642,612	8,085,400
 <b>Functions/Program Expenses</b>		
Instruction	4,370,037	3,970,505
Support services	2,908,645	2,525,664
Food service	212,886	203,561
Welfare activities	833	214
Facilities improvement	47,974	0
Interest on long-term debt	179,651	196,222
Depreciation	252,688	241,928
Total Expenses	7,972,714	7,138,094
 <b>Increase (Decrease) in Net Position</b>	 \$669,898	 \$947,306

As indicated in Table 2, the cost of *all governmental* activities this year was \$7,972,714. Of this amount, \$1,635,449 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net position this year of \$669,898. Revenues increased by \$557,212; there was an increase of total expenses of \$834,620. A reconciliation of the change in fund balances to the change in net position appears on page 20.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

**Fund Financial Analysis**

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,523,754, which is a decrease of \$66,938 from last year. The changes by each fund are as follows:

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Food Service Fund</u>	<u>Debt Retirement Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Fund balances- beginning of year</b>	\$2,239,637	\$192,682	\$42,862	\$115,511	\$0	\$2,590,692
Increase (decrease)	<u>(62,564)</u>	<u>(19,221)</u>	<u>18,772</u>	<u>(3,925)</u>	<u>0</u>	<u>(66,938)</u>
<b>Fund balances- End of year</b>	<u>\$2,177,073</u>	<u>\$173,461</u>	<u>\$61,634</u>	<u>\$111,586</u>	<u>\$0</u>	<u>\$2,523,754</u>

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percent Change</u>
<b>Revenues</b>			
Local sources	\$1,004,908	\$909,590	10.5 %
State sources	5,986,315	5,627,002	6.4 %
Federal sources	69,680	68,870	1.2 %
Interdistrict and other sources	<u>513,895</u>	<u>423,142</u>	21.5 %
	<u>\$7,574,798</u>	<u>\$7,028,604</u>	7.8 %

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

**Fund Financial Analysis – Concluded**

<b>Expenditures</b>	<b><u>June 30, 2019</u></b>	<b><u>June 30, 2018</u></b>	<b><u>Percent Change</u></b>
Instruction	\$4,320,591	\$4,031,603	7.2 %
Support services	3,039,966	2,410,289	26.1 %
Athletics	209,438	185,894	12.7 %
Community services	833	214	289.3 %
Facilities improvements	47,974	0	100.0 %
Operating transfers out	<u>18,560</u>	<u>0</u>	100.0 %
	<u><u>\$7,637,362</u></u>	<u><u>\$6,628,000</u></u>	15.2 %

**General Fund Budgetary Highlights**

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

**Beginning Budget versus Ending Budget**

**Revenues** – The original budget for revenues was \$7,011,070 versus the final budget of \$7,715,989. Major components of the original budget for revenues versus final projections are indicated below:

- Athletic revenues for admissions and pay to participate fees were increased \$22,254.
- Donations totaling \$38,742 for math program, elementary electronic sign, football uniforms, championship signage and softball pitching machine were received.
- Increase in the foundation allowance received due to an increase to pupil count; budgeted FTE's were 714.02 and actual FTE's were 750.85.
- All grants are budgeted in full however revenues are only recognized for corresponding expenditures. Additional revenues added to the budget for new grants or additional funding for grants totaled \$238,298

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

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**Beginning Budget versus Ending Budget (Concluded)**

- grants with increased allocations or carryover: At Risk \$86,826, Title I \$4,971, Title II \$12,239, new grant allocations: Safety Grant \$97,257, Voc Ed Added Cost/Incentive/Equipment \$26,660, McKinney-Vento \$5,190.

**Expenditures** – The original budget for expenditures was \$7,112,357 compared to the final budget of \$8,073,542. Major components of the original budget for expenditures versus final projections are noted below:

- The budget was adjusted for the corresponding increases relating to the grant awards mentioned above.
- \$78,200 added for special ed services.
- Operations & Maintenance adjusted for the following:
  - Special Projects carryover of \$105,048 from previous year added to budget,
  - Architect fees to cover all district projects added in the amount of \$65,000,
  - Budget added in the amount of \$232,020 for LED lighting project; measurement for rebate to be conducted during FY 20.
- \$97,974 added to budget for elementary playground.
- \$25,000 added to budget for anticipated expenditures related to Capital Projects.
- Added \$61,000 to budget for capital equipment for technology.

**Final Budget versus Actual Figures**

**Revenues** – General Fund actual revenue was \$7,574,798 versus a budget of \$7,715,989, a difference of \$141,191 (1.82%). Major difference comparing budget to actual reflects grants not fully expended therefore 100% not received.

**Expenditures** – General Fund actual expenditures of \$7,637,362 versus a budget of \$8,073,542; a difference of \$436,180. This difference is mainly attributed to the following:

- All grants are budgeted in full however revenues are only recognized for corresponding expenditures.
- Funds for projects budgeted in Operations and Maintenance budget, however all projects not completed at June 30: LED lights \$70,020, Special projects \$39,511.



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

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**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2019, the School District had \$12,401,054 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, machinery and equipment. This amount includes a net increase (including additions and disposals) of \$556,181 in capital assets. This year's additions consisted of the installation of a new leach field at the elementary building, renovation of the elementary playground, installation of a security system district-wide, donation of an electronic sign, high school gym floor, LED lighting, a telephone system, and fencing. There was a disposal of a bus and a milling machine. Depreciation for this year totaled \$252,688. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

**Debt**

At June 30, 2019, the School District had \$3,760,000 in outstanding bonds. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations of \$147,795 include accrued vacation, sick and severance pay. More detailed information about long-term liabilities is presented in Note 10 to the Financial Statements.

**Development of the 2019-20 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2019-20 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2020 fiscal year is 90 percent of the October student count and 10 percent of the current fiscal year's February's count. The District projected a blended pupil count of 745.17 students, which is approximately 6 FTE's less than the previous year's actual figure. Approximately 80% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget did not include any increase to the minimum foundation of \$7,871 per pupil.

The School District has been actively scrutinizing processes and procedures in an attempt to control costs and keep the budget in line with projected revenues. Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriations to school districts.

The budget for the 2019-20 fiscal year was adopted on June 10, 2019. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Management's Discussion and Analysis  
Year Ended June 30, 2019*

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**Contacting Whiteford Schools Business Office**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, 6655 Consear Road, Ottawa Lake, MI 49267.

## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEE, MICHIGAN**

*Statement of Net Position  
June 30, 2019*

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$2,458,928
Accounts/taxes receivable	50,412
Due from other governmental units	1,096,778
Deposit	5,050
Inventories	5,250
Prepaid expenses	36,872
Capital assets, net	7,175,923
Total Assets	10,829,213
<b>Deferred Outflows of Resources</b>	
Deferred amount of pension expense	4,371,414
Deferred amount of OPEB expense	766,615
Total Deferred Outflows of Resources	5,138,029
<b>Liabilities</b>	
Accounts payable	248,263
Salaries payable	419,940
Other liabilities	262,798
Accrued interest payable	25,067
Due to student groups	5,693
Due to other governmental units	76,480
Unearned revenue	116,362
Long-term liabilities:	
Net pension liability	11,184,651
Net OPEB liability	3,017,915
Due within one year	405,000
Due in more than one year	3,502,795
Total Liabilities	19,264,964
<b>Deferred Inflows of Resources</b>	
Deferred amount of net pension liability	906,554
Deferred amount of net OPEB liability	686,656
Unamortized premium/unamortized advanced amount on refunding	225,998
Total Deferred Inflows of Resources	1,819,208
<b>Net Position</b>	
Net investment in capital assets	3,189,925
Restricted for technology enhancement	119,366
Restricted for debt service	86,519
Restricted for food service	61,030
Restricted for capital outlay	173,461
Unrestricted	(8,747,231)
Total Net Position	(\$5,116,930)

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Statement of Activities  
Year Ended June 30, 2019*

<b>Functions/Programs</b>	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$4,370,037	\$0	\$1,055,868	(\$3,314,169)
Support services	2,908,645	69,416	279,265	(2,559,964)
Food services	212,886	116,175	114,725	18,014
Community services	833	0	0	(833)
Facilities improvements	47,974	0	0	(47,974)
Interest on long-term debt	179,651	0	0	(179,651)
Depreciation (Unallocated)	252,688	0	0	(252,688)
 Total Governmental Activities	<u>\$7,972,714</u>	<u>\$185,591</u>	<u>\$1,449,858</u>	<u>(6,337,265)</u>
 General Revenues:				
Taxes:				
				819,826
				222,091
				551,972
				215,572
				4,975,015
				9,328
				213,359
			Total General Revenues	<u>7,007,163</u>
			 <b>Change in Net Position</b>	 669,898
			Net Position - Beginning of year	<u>(5,786,828)</u>
			Net Position - End of year	<u>(\$5,116,930)</u>

See accompanying notes to the basic financial statements

## FUND FINANCIAL STATEMENTS

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEE, MICHIGAN**

*Governmental Funds  
Balance Sheet  
June 30, 2019*

	General	Capital Projects	Other	Totals
		Fund	Nonmajor	
		Sinking	Governmental	
			Funds	
<b>Assets</b>				
Cash and cash equivalents	\$2,045,295	\$271,526	\$142,107	\$2,458,928
Accounts/taxes receivable	50,412	0	0	50,412
Due from other governmental units	1,093,364	0	3,414	1,096,778
Due from other funds	0	0	33,877	33,877
Deposit	5,050	0	0	5,050
Inventory	0	0	5,250	5,250
Prepaid expenditures	36,268	0	604	36,872
<b>Total Assets</b>	<b>\$3,230,389</b>	<b>\$271,526</b>	<b>\$185,252</b>	<b>\$3,687,167</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$142,859	\$98,065	\$7,339	\$248,263
Salaries payable	419,940	0	0	419,940
Other liabilities	262,798	0	0	262,798
Due to student groups	5,693	0	0	5,693
Unearned revenue	111,669	0	4,693	116,362
Due to other governmental units	76,480	0	0	76,480
Due to other funds	33,877	0	0	33,877
<b>Total Liabilities</b>	<b>1,053,316</b>	<b>98,065</b>	<b>12,032</b>	<b>1,163,413</b>
<b>Fund Balances</b>				
Nonspendable:				
Prepaid expenditures	36,268	0	604	36,872
Restricted for:				
Technology enhancement	119,366	0	0	119,366
Food service	0	0	61,030	61,030
2015 School bond debt retirement	0	0	111,586	111,586
Capital outlay	0	173,461	0	173,461
Committed to:				
Special projects	39,512	0	0	39,512
Assigned to:				
DTE tax adjustment	19,578	0	0	19,578
Unassigned	1,962,349	0	0	1,962,349
<b>Total Fund Balances</b>	<b>2,177,073</b>	<b>173,461</b>	<b>173,220</b>	<b>2,523,754</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$3,230,389</b>	<b>\$271,526</b>	<b>\$185,252</b>	<b>\$3,687,167</b>

See accompanying notes to the basic financial statements



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEE, MICHIGAN**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Year Ended June 30, 2019*

<b>Total Fund Balances - Governmental Funds</b>		<b>\$2,523,754</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
Cost of the capital assets	\$12,401,054	
Accumulated depreciation	<u>(5,225,131)</u>	7,175,923
Deferred outflows of resources from subsequent pension expense from measurement date		4,371,414
Deferred outflows of resources from subsequent OPEB expense from measurement date		766,615
Deferred inflows of resources resulting from net pension liability		(906,554)
Deferred inflows of resources resulting from net OPEB liability		(686,656)
<p>Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Net pension liability	(11,184,651)	
Net OPEB liability	(3,017,915)	
Bonds payable	(3,760,000)	
Compensated absences	(147,795)	
Accrued interest	(25,067)	
Premium amortized over the life of the bonds	(292,015)	
Advanced amount on refunding amortized over the life of the bonds	<u>66,017</u>	<u>(18,361,426)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u><u>(\$5,116,930)</u></u></b>

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2019*

	General	Capital Projects Fund Sinking	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>				
Local sources	\$1,004,908	\$212,301	\$659,015	\$1,876,224
State sources	5,986,315	3,931	21,932	6,012,178
Federal sources	69,680	0	103,014	172,694
Interdistrict and other sources	513,895	0	0	513,895
<b>Total Revenues</b>	<b>7,574,798</b>	<b>216,232</b>	<b>783,961</b>	<b>8,574,991</b>
<b>Expenditures</b>				
Instruction	4,320,591	0	0	4,320,591
Support services	3,039,966	0	212,150	3,252,116
Capital outlay	0	235,453	18,560	254,013
Debt service	0	0	556,964	556,964
Athletics	209,438	0	0	209,438
Community services	833	0	0	833
Facilities acquisition	47,974	0	0	47,974
<b>Total Expenditures</b>	<b>7,618,802</b>	<b>235,453</b>	<b>787,674</b>	<b>8,641,929</b>
Excess (Deficiency) of Revenues Over Expenditures	(44,004)	(19,221)	(3,713)	(66,938)
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	0	0	18,560	18,560
Operating transfers out	(18,560)	0	0	(18,560)
<b>Total Other Financing Sources (Uses)</b>	<b>(18,560)</b>	<b>0</b>	<b>18,560</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(62,564)</b>	<b>(19,221)</b>	<b>14,847</b>	<b>(66,938)</b>
Fund Balances - Beginning of year	2,239,637	192,682	158,373	2,590,692
Fund Balances - End of year	\$2,177,073	\$173,461	\$173,220	\$2,523,754

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2019*

**Total Net Change in Fund Balances - Governmental Funds** (\$66,938)

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

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	(\$252,688)	
Capital outlay	615,596	
		362,908

Repayment of bond principal is an expenditure in the governmental funds, both the repayment reduces long-term liabilities in the statement of net position.		390,000
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The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in pension liability		(1,789,579)
Net change in the deferred inflow of resources related to the net pension liability		(326,684)
Net change between actual pension contributions and the cost of benefits earned net of employer contributions		1,871,486

The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows of resources related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in OPEB liability		197,096
Net change in the deferred inflows of resources related to the net OPEB liability		(577,966)
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions.		552,064

Governmental funds report the advanced amount on refunding, and the bond premium when debt is first issued, but these costs increase long-term liabilities in the statement of net position and these amounts are amortized over the life of the bonds		52,334
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Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid		2,600
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Decreases in the liability for compensated absences are reported as expenditures in governmental funds		2,577
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**Change in Net Position of Governmental Activities** \$669,898

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Fiduciary Fund  
Statement of Fiduciary Net Position  
June 30, 2019*

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	<u>Agency Fund</u>
	<u>Student Activities</u>
<b>Assets</b>	
Cash and certificates of deposit	\$165,749
Due from other funds	5,899
Total Assets	<u>\$171,648</u>
<b>Liabilities</b>	
Due to student groups	\$171,648
Total Liabilities	<u>\$171,648</u>

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 1      Description of the School District and Reporting Entity

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

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan (Whiteford Schools), this includes general operations, athletics, food service, debt, sinking, and student related activities of the School District.

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

Note 2      Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

Basis of Presentation

A. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. All of the School District's district-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 2      Summary of Significant Accounting Policies (Continued)  
Basis of Presentation (Concluded)

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

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

The General Fund is the School District's primary operating fund. The General Fund accounts for all financial resources of the School District, except those required to be accounted for in another fund.

The Sinking Capital Projects Fund accounts for property taxes levied for major capital improvements.

The School District reports the following nonmajor governmental funds:

The Food Service Fund, the 2015 Refunding School Bond Debt Retirement Fund, and the Capital Projects Fund are the School District's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Additionally, the School District's external investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice and penalty.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 2      Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)  
Deposits and Investments (Concluded)

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

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

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 2      Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)  
Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/due from.” These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

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

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

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

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

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

Unavailable/Unearned Revenue

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

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 2      Summary of Significant Accounting Policies (Continued)

- C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)  
Fund Balance Non-spendable, Restricted, Committed, Assigned, and Unassigned – The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed category. The Superintendent or his/her designee has the authority to place funds under the assigned category. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 15% of the District General Fund annual operating expenditures.

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items that qualify for reporting in this category. They are the deferred charge on refunding and deferred outflows of resources related to the pension and OPEB reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to the net pension liability and the net OPEB liability. A portion of these costs represent pension and OPEB contributions to the plan made after the plan's measurement date, but before the fiscal year end. The amount is expensed in the plan year in which it applies.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district has items that qualify for reporting in this category. They are the future resources yet to be recognized in relation to the pension and OPEB actuarial calculations. These future resources arise from differences in the estimates used by the actuary to calculate the pension and OPEB liabilities and the actual results. The amounts are amortized over a period determined by the actuary.

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

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 2      Summary of Significant Accounting Policies (Continued)

- C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)  
Pension and Other Post-Employment Benefits – For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, information about the fiduciary net position of the Michigan Public Schools Employees Retirement System (MPSERS), and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (included refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.
- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2019.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

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

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

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

- G. Restricted Assets - The cash and investments for technology enhancement, debt service, and capital outlay are restricted for specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent cash that can only be used for which the revenue was received.
- H. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2019 through October 9, 2019, the date the financial statements were available to be issued.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 3      Stewardship, Accountability and Compliance

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

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

During the year ended June 30, 2019, the School District incurred expenditures in a budgetary function which was in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted.

Note 4      Deposits and Investments

As of June 30, 2019, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Huntington Bank, and Flagstar.

- A. *Interest rate risk* - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.
- B. *Credit risk* - The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.
- C. *Concentration of credit risk* - The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.
- D. *Custodial credit risk - deposits* - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$2,553,009 invested in checking accounts and money market accounts. The School District's deposits are insured by the FDIC in the amount of \$1,000,000. Uninsured deposits are \$1,553,009.

*Custodial credit risk - investments* - For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 4      Deposits and Investments (Concluded)

*Custodial credit risk - investments (Continued)*

The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by; limiting investments to the types of securities listed in the School District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

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

Note 5      Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Construction in progress	18,003	341,190	12,016	347,177
	39,916	341,190	12,016	369,090
Capital assets being depreciated:				
Land improvements	423,401	154,418	0	577,819
Buildings and building improvements	10,787,824	79,898	0	10,867,722
Machinery and equipment	383,946	52,106	6,051	430,001
Vehicles	209,786	0	53,364	156,422
	11,804,957	286,422	59,415	12,031,964
Total capital assets	11,844,873	627,612	71,431	12,401,054
Less Accumulated Depreciation:				
Land improvements	(314,802)	(20,626)	0	(335,428)
Buildings and building improvements	(4,330,485)	(218,206)	0	(4,548,691)
Machinery and equipment	(176,993)	(13,803)	(6,051)	(184,745)
Vehicles	(209,578)	(53)	(53,364)	(156,267)
	(5,031,858)	(252,688)	(59,415)	(5,225,131)
Total accumulated depreciation	(5,031,858)	(252,688)	(59,415)	(5,225,131)
Net capital assets	\$6,813,015	\$374,924	\$12,016	\$7,175,923

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

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 6      Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2019, consisted of the following individual fund receivables and payables:

	<u>Due To</u>
	<u>Food Service Fund</u>
<u>Due From</u>	
General Fund	<u>\$33,877</u>

The interfund 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 following accounting system, and (3) payments between funds are made.

Interfund transfers at June 30, 2019, consisted of the following:

	<u>Transfer Out:</u>
	<u>General Fund</u>
<u>Transfer In:</u>	
Capital Projects Fund	<u>\$18,560</u>

Transfers from the General Fund represent the use of unrestricted funds to support programs accounted for in other funds.

Note 7      Defined Benefit Pension Plans and Postemployment Benefits

Plan Description - The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental, and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management, and Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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

Benefits Provided - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members. A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable.

A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions and Funded Status

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 21 year period beginning October 1, 2017 and ending September 30, 2018.

The schedule below summarizes pension contribution rates in effect for fiscal year 2018.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	17.89%
Member Investment Plan	3.0 - 7.0	17.89
Pension Plus	3.0 - 6.4	16.61
Pension Plus 2	6.2	19.74
Defined Contribution	0.0	13.54

Required contributions to the pension plan from the District were \$1,013,114 for the year ended September 30, 2018.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 7      Defined Benefit Pension Plans and Postemployment Benefits (Continued)  
Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities - At June 30, 2019, the School District reported a liability of \$11,184,651 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2017. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2018, the School District's proportion was 0.03721 percent, which was an increase of 0.00096 percent from its proportion measured as of September 30, 2017.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2019, the School District recognized pension expense of \$1,613,341. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$51,899	(\$81,277)
Changes of assumptions	2,590,356	0
Net differences between projected and actual earnings on pension plan investments	0	(764,746)
Changes in proportion and differences between school district contributions and proportionate share of contributions	616,290	(60,531)
School district's contributions subsequent to the measurement date	<u>1,112,869</u>	<u>0</u>
	<u>\$4,371,414</u>	<u>(\$906,554)</u>

Deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date were \$1,112,869 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 7      Defined Benefit Pension Plans and Postemployment Benefits (Continued)  
Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future Pension Expenses)

	Amount
2019	\$956,522
2020	754,713
2021	465,934
2022	174,822

Actuarial Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans (Non-Hybrid):	7.05%
- Pension Plus Plan	7.00%
- Pension Plus 2 Plan	6.00%
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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

Mortality:

- Active Members                      RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.5304
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

The long-term expected rate of return on plan assets - The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.7%
Private Equity Pools	18.00	9.2
International Equity	16.00	7.2
Fixed Income Pools	10.50	0.5
Real Estate and Infrastructure Pools	10.00	3.9
Absolute Return Pools	15.50	5.2
Short Term Investment Pools	2.00	0.0
	100.00	

\* Long term rate of return does not include 2.30% inflation

Rate of return – For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 11.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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

Discount rate - A discount rate of 7.05% was used to measure the total pension liability (7.0% for Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.05% (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.0% for the hybrid plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease <u>(6.05% / 6.0% / 5.0%)</u>	Current Single Discount Rate Assumption <u>(7.05% / 7.0% / 6.0%)</u>	1% Increase <u>(8.05% / 8.0% / 7.0%)</u>
<u>\$14,684,583</u>	<u>\$11,184,651</u>	<u>\$8,276,776</u>

*\*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 plans. University employers provide only the Basic and MIP plans.*

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Payable to the Pension Plan – At June 30, 2019, the School District reported a payable of approximately \$69,623 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

Note 8    Postemployment Benefits Other Than Pensions (OPEB)

Plan Description - The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members- eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental, and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 8      Postemployment Benefits Other Than Pensions (OPEB) (Continued)  
Plan Description (Continued)

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Benefits Provided - Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries.

A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions - Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 8     Postemployment Benefits Other Than Pensions (OPEB) (Continued)  
Contributions – (Continued)

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 21-year period beginning on October 1, 2017 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2018.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	6.44%
Personal Healthcare Fund (PHF)	0.00%	6.13%

Required contributions to the OPEB plan from School District were \$246,437 for the year ended September 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019, the School District reported a liability of \$3,017,915 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2017. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2018, the School District's proportion was 0.03797 percent, which was an increase of 0.00167 percent from its proportion measured as of October 1, 2017.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 8     Postemployment Benefits Other Than Pensions (OPEB) (Continued)  
OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – (Continued)

For the year ending June 30, 2019, the School District recognized OPEB expense of \$172,524. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	\$0	(\$561,712)
Changes of assumptions	319,599	0
Net differences between projected and actual earnings on OPEB plan investments	0	(115,986)
Changes in proportion and differences between school district contributions and proportionate share of contributions	124,941	(8,958)
School district's contributions subsequent to the measurement date	322,075	0
	\$766,615	(\$686,656)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future OPEB Expenses)

	Amount
2019	(\$63,229)
2020	(63,229)
2021	(63,229)
2022	(39,564)
2023	(12,865)

Actuarial Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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**Note 8**    Postemployment Benefits Other Than Pensions (OPEB) (Continued)  
Actuarial Assumptions (Concluded)

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	7.15%
Projected Salary Increases:	2.75– 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	7.5% Year 1 graded to 3.0% Year 12
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality:	
- Active Members	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

**Notes:**

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.6018
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

**Note 8**    Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.7%
Private Equity Pools	18.00	9.2
International Equity	16.00	7.2
Fixed Income Pools	10.50	0.5
Real Estate and Infrastructure Pools	10.00	3.9
Absolute Return Pools	15.50	5.2
Short Term Investment Pools	2.00	0.0
	100%	

\*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return - For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 10.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate - A discount rate of 7.15% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.15%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

**Note 8**     Postemployment Benefits Other Than Pensions (OPEB) (Concluded)

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate - The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
<u>\$3,622,945</u>	<u>\$3,017,915</u>	<u>\$2,509,010</u>

Sensitivity of the School District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate - The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
<u>\$2,482,202</u>	<u>\$3,017,915</u>	<u>\$3,632,487</u>

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2018 MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Payables to the OPEB Plan - At June 30, 2019, the School District reported a payable of approximately \$34,299 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

**Note 9**     Enhancement Millage for Technology

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 3, 2016, at 0.9866 mill for an additional five years, 2017 to 2021. The intermediate school district will distribute the tax collections to the local school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 10    Long-Term Debt

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

	Balance June 30, 2018	Additions	Payments	Balance June 30, 2019	Due in One Year
2015 Refunding Bonds	\$4,150,000	\$0	\$390,000	\$3,760,000	\$405,000
Compensated absences payable	150,372	0	2,577	147,795	0
	\$4,300,372	\$0	\$392,577	\$3,907,795	\$405,000

On March 11, 2015, the School issued \$5,230,000 in general obligation bonds with an interest rate of 4 percent to advance refund \$5,760,000 of outstanding 2005 Series bonds with an average interest rate of 4.14 percent. The net proceeds of \$5,757,949 (after payment of \$89,097 in underwriting fees, insurance, and other issuance costs) plus an additional \$119,548 of 2005 Bond Debt 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 2005 Series bonds. As a result, the 2005 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$530,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2027 using an effective-interest method. The School completed the advance refunding to reduce its total debt service payments over the next 22 years by \$692,054 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$602,077.

Compensated absences payable represents benefits for vacation and sick leave at year end.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

**Note 10**    Long-Term Debt (Continued)

2005 School Building and Site Bonds - \$7,405,000 - Interest rate 3.0% to 4.25%

These bonds were approved by the voters of the School District on November 1, 2005. The proceeds were used for erecting, furnishing and equipping an addition to the elementary school; partially remodeling, refurbishing and equipping the elementary and middle high schools; and developing and improving the school site. The bonds are to be paid by an annual property tax millage. On March 11, 2015, certain bonds totaling \$5,230,000 were defeased by the 2015 bond issue.

2015 Refunding Bonds - \$5,230,000 - Interest rate 4.0%

These bonds dated March 11, 2015, were issued to defease \$5,760,000 of the 2005 School Building and Site Bonds. The bonds are to be paid by an annual property tax millage. The principal and interest requirements to retire the 2015 bonds are as follows:

Fiscal Year	Interest Requirements		Bond	Total
	November 1	May 1	Maturities May 1	
2020	\$75,200	\$75,200	\$405,000	\$555,400
2021	67,100	67,100	425,000	559,200
2022	58,600	58,600	440,000	557,200
2023	49,800	49,800	460,000	559,600
2024	40,600	40,600	480,000	561,200
2025	31,000	31,000	495,000	557,000
2026	21,100	21,100	515,000	557,200
2027	10,800	10,800	540,000	561,600
	\$354,200	\$354,200	\$3,760,000	\$4,468,400

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

Fiscal Year	Interest	Principal	Total Requirements
2020	\$150,400	\$405,000	\$555,400
2021	134,200	425,000	559,200
2022	117,200	440,000	557,200
2023	99,600	460,000	559,600
2024	81,200	480,000	561,200
2025-2027	125,800	1,550,000	1,675,800
	\$708,400	\$3,760,000	\$4,468,400

**Note 11**    Lease Commitments - Operating Leases

The School District has, as of June 30, 2019, contractual agreements specifying the following annual lease payment obligations:

Fiscal Year	Amount
2020	\$42,982
2021	12,289
	\$55,271

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

Note 12    Property Taxes

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2018 property taxes were levied on December 1, 2018 on assessed valuations as of December 31, 2017. Taxes were collected beginning December 1, 2018 and payments were due by February 14, 2019. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2018 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$44,315,366	18.0000	\$797,676
Commercial	4,903,403	6.0000	29,421
2015 Debt Retirement Fund:			
Regular	212,316,714	2.5500	541,407
IFT	1,233,704	1.2750	1,573
Sinking Fund:			
Regular	212,316,714	0.9962	211,510
IFT	1,233,704	0.4981	615
Total			<u>\$1,582,202</u>

Note 13    Tax Abatement

Municipalities within the School District's boundaries entered into property tax abatement agreements with local business under one program: The Plant and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50 percent of the taxes levied. The municipalities can elect to freeze the taxable values for rehabilitation properties.

For the year ended June 30, 2019, the School District's property tax revenue for general obligations was reduced by \$10,491 under this program. There were no tax abatements made by the School District.

Note 14    Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2019, the School District did not incur any claims.

Note 15    Cafeteria Contract

During the fiscal year ended June 30, 2019, the School District contracted with The Nutrition Group to cover all cafeterias within the School District. Pursuant to this agreement, The Nutrition Group manages the food service operations of the School District. All costs of The Nutrition Group have been reflected in the financial statements of the Food Service Fund.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 16     Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2019.

B. Litigation

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

Note 17     Risk Management and Insurance Pool

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims, self-funds worker's compensation claims subject to stop loss insurance, and participates in the SET-SEG risk pool for general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The SET-SEG shared risk pool program in which the School District participates operates as a common risk sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 18     Governmental Regulation

Substantially all of the School District's facilities are subject to federal, state, and local provisions regulating the discharge of material into the environment. Compliance with these provisions has not had, nor does the School District expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

Note 19     Sinking Fund

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2019*

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Note 20

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued GASB Statement Number 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District has evaluated the impact this standard will have on their financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the fiscal year ending June 30, 2020.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement Number 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2021.

## REQUIRED SUPPLEMENTAL INFORMATION

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2019*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources	\$896,028	\$998,121	\$1,004,908	\$6,787
State sources	5,619,732	6,136,472	5,986,315	(150,157)
Federal sources	58,860	80,460	69,680	(10,780)
Interdistrict and other sources	436,450	500,936	513,895	12,959
Total Revenues	7,011,070	7,715,989	7,574,798	(141,191)
<b>Expenditures</b>				
Instruction:				
Basic programs	3,562,206	3,668,927	3,649,513	19,414
Added needs	567,180	734,115	671,078	63,037
Support services:				
Pupil	345,475	325,914	323,380	2,534
Instructional staff	307,802	345,767	341,054	4,713
General administration	283,625	308,029	322,946	(14,917)
School administration	480,664	496,795	496,272	523
Business administration	109,926	104,880	101,895	2,985
Operation and maintenance	757,245	1,170,587	923,680	246,907
Pupil transportation	378,626	379,855	374,362	5,493
Central services	95,813	193,909	156,377	37,532
Athletics	223,795	220,810	209,438	11,372
Community services	0	980	833	147
Facilities acquisition	0	97,974	47,974	
Interdistrict and other uses	0	25,000	18,560	6,440
Total Expenditures	7,112,357	8,073,542	7,637,362	386,180
<b>Net Change in Fund Balances</b>	(101,287)	(357,553)	(62,564)	244,989
Fund Balances - Beginning of year	1,981,932	2,239,637	2,239,637	0
Fund Balances - End of year	\$1,880,645	\$1,882,084	\$2,177,073	\$244,989

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2019*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Local Sources</b>			
Property taxes	\$819,718	\$819,826	\$108
Investment income	7,200	7,601	401
Contributions	39,642	39,742	100
Athletics	73,614	78,654	5,040
Other revenue	57,947	59,085	1,138
Total Local Sources	<u>998,121</u>	<u>1,004,908</u>	<u>6,787</u>
<b>State Sources</b>			
Unrestricted grants:			
Proposal A obligation	3,103,596	3,103,556	(40)
Discretionary payment	1,871,378	1,871,459	81
Restricted grants:			
Special education-Headlee obligation	261,911	261,912	1
At risk	186,826	130,823	(56,003)
MPSERS rate offset	509,204	512,659	3,455
Other state grants	164,947	67,296	(97,651)
Transfer from intermediate school district:			
Vocational education	27,066	27,066	0
Other	11,544	11,544	0
Total State Sources	<u>6,136,472</u>	<u>5,986,315</u>	<u>(150,157)</u>
<b>Federal Sources</b>			
Title I	35,650	35,316	(334)
Title IIA	23,669	14,647	(9,022)
Title IV	14,751	14,751	0
Medicaid outreach grant	1,200	917	(283)
Transfer from intermediate school district:			
Homeless Students' Assistance	5,190	4,049	(1,141)
Total Federal Sources	<u>80,460</u>	<u>69,680</u>	<u>(10,780)</u>
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	241,416	253,499	12,083
Technology enhancement millage	221,870	222,091	221
Bus Driver Safety	0	655	655
Transportation	1,568	1,568	0
Insurance reimbursements	9,378	9,378	0
FICA reimbursement	20,604	20,604	0
Proceeds from sale of capital assets	6,100	6,100	0
Total Interdistrict and Other Sources	<u>500,936</u>	<u>513,895</u>	<u>12,959</u>
 Total Revenues	 <u><u>\$7,715,989</u></u>	 <u><u>\$7,574,798</u></u>	 <u><u>(\$141,191)</u></u>



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2019*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$808,264	\$560,385	\$103,515
Middle School	515,741	344,396	7,393
High School	642,216	427,748	55,812
Summer School	7,791	2,648	0
	<u>1,974,012</u>	<u>1,335,177</u>	<u>166,720</u>
Added Needs:			
Special education	282,768	168,862	3,894
Compensatory education	61,948	28,957	0
Vocational education	41,888	35,599	12,751
	<u>386,604</u>	<u>233,418</u>	<u>16,645</u>
Total Instruction	2,360,616	1,568,595	183,365
<b>Support Services</b>			
Pupil:			
Guidance	59,867	43,933	26
Health	0	0	0
Speech	70,052	46,441	0
Social work services	0	0	0
Other pupil services	57,093	31,491	3,553
	<u>187,012</u>	<u>121,865</u>	<u>3,579</u>
Instructional Staff:			
Improvement of instruction	66,693	36,646	34,082
Library	5,864	2,673	998
Technology assisted	63,176	33,385	42,791
	<u>135,733</u>	<u>72,704</u>	<u>77,871</u>
General Administration:			
Board of Education	3,210	247	50,029
Executive administration	156,047	93,707	3,126
Grant writer	0	0	1,500
	<u>159,257</u>	<u>93,954</u>	<u>54,655</u>
School Administration:			
Office of the principal	297,411	186,758	4,288
Other school administration	0	0	0
	<u>297,411</u>	<u>186,758</u>	<u>4,288</u>
Business Administration:			
Fiscal services	8,461	3,487	1,015
Internal services	0	0	203
Other business services	0	0	5,218
	<u>8,461</u>	<u>3,487</u>	<u>6,436</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$22,636	\$44,738	\$0	\$1,539,538	\$1,546,070	\$6,532
18,110	5,600	570	891,810	895,258	3,448
22,436	24,637	34,877	1,207,726	1,217,156	9,430
0	0	0	10,439	10,443	4
<u>63,182</u>	<u>74,975</u>	<u>35,447</u>	<u>3,649,513</u>	<u>3,668,927</u>	<u>19,414</u>
303	0	0	455,827	455,917	90
3,544	0	0	94,449	157,101	62,652
13,905	13,794	2,865	120,802	121,097	295
<u>17,752</u>	<u>13,794</u>	<u>2,865</u>	<u>671,078</u>	<u>734,115</u>	<u>63,037</u>
80,934	88,769	38,312	4,320,591	4,403,042	82,451
1,080	1,627	0	106,533	108,581	2,048
2,763	0	0	2,763	25	(2,738)
176	0	0	116,669	117,277	608
0	0	3,738	3,738	3,800	62
311	1,229	0	93,677	96,231	2,554
<u>4,330</u>	<u>2,856</u>	<u>3,738</u>	<u>323,380</u>	<u>325,914</u>	<u>2,534</u>
802	621	0	138,844	143,597	4,753
0	0	0	9,535	9,407	(128)
1,482	51,090	751	192,675	192,763	88
<u>2,284</u>	<u>51,711</u>	<u>751</u>	<u>341,054</u>	<u>345,767</u>	<u>4,713</u>
163	0	5,283	58,932	50,253	(8,679)
1,897	6,621	1,116	262,514	256,276	(6,238)
0	0	0	1,500	1,500	0
<u>2,060</u>	<u>6,621</u>	<u>6,399</u>	<u>322,946</u>	<u>308,029</u>	<u>(14,917)</u>
2,790	3,678	720	495,645	495,795	150
627	0	0	627	1,000	373
<u>3,417</u>	<u>3,678</u>	<u>720</u>	<u>496,272</u>	<u>496,795</u>	<u>523</u>
407	0	83,015	96,385	99,209	2,824
0	0	0	203	203	0
0	0	89	5,307	5,468	161
<u>407</u>	<u>0</u>	<u>83,104</u>	<u>101,895</u>	<u>104,880</u>	<u>2,985</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2019*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and maintenance	\$68,651	\$46,180	\$393,373
Pupil transportation	153,354	77,541	102,256
Central Services:			
Communication services	0	0	12,269
Staff services	3,435	1,185	17,771
Technology	21,646	10,962	52,726
	<u>25,081</u>	<u>12,147</u>	<u>82,766</u>
Athletics	<u>77,814</u>	<u>36,765</u>	<u>81,013</u>
Total Support Services	1,112,774	651,401	806,237
<b>Community Services</b>			
Community activities	<u>0</u>	<u>0</u>	<u>579</u>
Total Community Services	0	0	579
<b>Facilities Acquisition</b>			
Building improvements services	0	0	0
<b>Interdistrict and Other Uses</b>			
Transfer out	<u>0</u>	<u>0</u>	<u>0</u>
Total Interdistrict and Other Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>3,473,390</u></u>	<u><u>2,219,996</u></u>	<u><u>990,181</u></u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$110,091	\$304,181	\$1,204	\$923,680	\$1,170,587	\$246,907
36,391	0	4,820	374,362	379,855	5,493
2,704	0	0	14,973	17,075	2,102
770	0	45	23,206	22,835	(371)
628	24,355	7,881	118,198	153,999	35,801
<u>4,102</u>	<u>24,355</u>	<u>7,926</u>	<u>156,377</u>	<u>193,909</u>	<u>37,532</u>
<u>6,730</u>	<u>3,795</u>	<u>3,321</u>	<u>209,438</u>	<u>220,810</u>	<u>11,372</u>
169,812	397,197	111,983	3,249,404	3,546,546	297,142
<u>254</u>	<u>0</u>	<u>0</u>	<u>833</u>	<u>980</u>	<u>147</u>
254	0	0	833	980	147
0 #	47,974	0	47,974	97,974	50,000
<u>0</u>	<u>0</u>	<u>18,560</u>	<u>18,560</u>	<u>25,000</u>	<u>6,440</u>
<u>0</u>	<u>0</u>	<u>18,560</u>	<u>18,560</u>	<u>25,000</u>	<u>6,440</u>
<u>251,000</u>	<u>533,940</u>	<u>168,855</u>	<u>7,637,362</u>	<u>8,073,542</u>	<u>379,740</u>

## WHITEFORD AGRICULTURAL SCHOOLS

*Schedule of the School District's Proportionate Share of the Net Pension Liability  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)*

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
A. School District's proportion of net pension liability (%)	0.03721%	0.03625%	0.03453%	0.03206%	0.03296%
B. School District's proportion proportionate share of net pension liability	\$11,184,651	\$9,395,072	\$8,614,164	\$7,829,613	\$7,260,411
C. School District's covered-employee payroll	\$3,239,983	\$3,070,857	\$3,020,287	\$2,685,414	\$2,812,081
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	28.97%	32.69%	35.06%	34.30%	38.73%
E. Plan fiduciary net position as a percentage of total pension liability	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

**WHITEFORD AGRICULTURAL SCHOOLS**

*Schedule of the School District's Pension Contributions  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)*

---

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Statutorily required contributions	\$1,013,114	\$850,360	\$775,318	\$618,396	\$964,921
B. Contributions in relation to statutorily required contributions*	<u>1,013,114</u>	<u>850,360</u>	<u>775,318</u>	<u>618,396</u>	<u>964,921</u>
C. Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. School District's covered-employee payroll	\$3,318,156	\$3,199,739	\$3,066,347	\$2,292,845	\$2,792,810
E. Contributions as a percentage of covered-employee payroll	30.53%	26.58%	25.28%	26.97%	34.55%

\*Contributions in relation to statutorily required contributions are the contributions a school district actually made to MPSERS, which may differ from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

## WHITEFORD AGRICULTURAL SCHOOLS

*Schedule of the School District's Proportionate Share of the Net OPEB Liability  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)*

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	<u>2018</u>	<u>2017</u>
A. School District's proportion of net OPEB liability (%)	0.03797%	0.03631%
B. School District's proportion proportionate share of net OPEB liability	\$3,017,915	\$3,215,011
C. School District's covered-employee payroll	\$3,239,983	\$3,070,857
D. School District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	107.36%	95.52%
E. Plan fiduciary net position as a percentage of total OPEB liability	42.95%	36.39%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2017.

**WHITEFORD AGRICULTURAL SCHOOLS**

*Schedule of the School District's OPEB Contributions  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)*

---

	<u>2019</u>	<u>2018</u>
A. Statutorily required contributions	\$246,437	\$282,652
B. Contributions in relation to statutorily required contributions*	<u>246,437</u>	<u>282,652</u>
C. Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
D. School District's covered-employee payroll	\$3,318,156	\$3,199,739
E. Contributions as a percentage of covered-employee payroll	7.43%	8.83%

\*Contributions in relation to statutorily required contributions are the contributions a school district actually made to MPSERS, which may differ from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2017.



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Required Supplemental Information  
Year Ended June 30, 2019*

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Changes of benefit terms:        There were no changes of benefit terms in 2019.

Changes of assumptions:        There were no changes of assumptions in 2019.

## OTHER SUPPLEMENTAL INFORMATION

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Sinking Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2019*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources:				
Property taxes	\$206,994	\$212,567	\$211,641	(\$926)
Investment income	60	488	660	172
Total Local Sources	207,054	213,055	212,301	(754)
State Sources:				
State payment in lieu of tax	2,500	3,931	3,931	0
Total Revenues	209,554	216,986	216,232	(754)
<b>Expenditures</b>				
Capital outlay:				
Purchase services	750	400	351	49
Capital outlay	287,000	334,400	235,088	99,312
Other	0	0	14	(14)
Total Expenditures	287,750	334,800	235,453	99,347
<b>Net Change in Fund Balances</b>	(78,196)	(117,814)	(19,221)	98,593
Fund Balance - Beginning of year	111,173	192,682	192,682	0
Fund Balance - End of year	\$32,977	\$74,868	\$173,461	\$98,593

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2019*

	Special Revenue Fund	Debt Retirement Fund	Capital Projects Fund	
	Food Service	2015 Refunding School Bond	Capital Projects	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$28,948	\$113,159	\$0	\$142,107
Due from other governmental units	3,414	0	0	3,414
Due from other funds	33,877	0	0	33,877
Inventory	5,250	0	0	5,250
Prepaid expenditures	604	0	0	604
<b>Total Assets</b>	<b>\$72,093</b>	<b>\$113,159</b>	<b>\$0</b>	<b>\$185,252</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$5,766	\$1,573	\$0	\$7,339
Unearned revenue	4,693	0	0	4,693
<b>Total Liabilities</b>	<b>10,459</b>	<b>1,573</b>	<b>0</b>	<b>12,032</b>
<b>Fund Balances</b>				
Nonspendable for prepaid expenditures	604	0	0	604
Restricted for food service	61,030	0	0	61,030
Restricted for debt service	0	111,586	0	111,586
<b>Total Fund Balances</b>	<b>61,634</b>	<b>111,586</b>	<b>0</b>	<b>173,220</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$72,093</b>	<b>\$113,159</b>	<b>\$0</b>	<b>\$185,252</b>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2019*

	Special Revenue Fund	Debt Retirement Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	2015 Refunding School Bond	Capital Projects	
<b>Revenues</b>				
Local sources	\$116,197	\$542,818	\$0	\$659,015
State sources	11,711	10,221	0	21,932
Federal sources	103,014	0	0	103,014
<b>Total Revenues</b>	<b>230,922</b>	<b>553,039</b>	<b>0</b>	<b>783,961</b>
<b>Expenditures</b>				
Food service	212,150	0	0	212,150
Capital outlay	0	0	18,560	18,560
Debt service	0	556,964	0	556,964
<b>Total Expenditures</b>	<b>212,150</b>	<b>556,964</b>	<b>18,560</b>	<b>787,674</b>
Excess (Deficiency) of Revenues Over Expenditures	18,772	(3,925)	(18,560)	(3,713)
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	0	0	18,560	18,560
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>18,560</b>	<b>18,560</b>
<b>Net Change in Fund Balances</b>	<b>18,772</b>	<b>(3,925)</b>	<b>0</b>	<b>14,847</b>
Fund Balances - Beginning of year	42,862	115,511	0	158,373
Fund Balances - End of year	<u>\$61,634</u>	<u>\$111,586</u>	<u>\$0</u>	<u>\$173,220</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2019*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources:				
Food sales	\$119,847	\$115,773	\$116,175	\$402
Other	0	10	22	12
Total Local Sources	119,847	115,783	116,197	414
State Sources:				
Restricted grants	8,600	11,711	11,711	0
Federal Sources:				
Restricted grants	77,851	89,047	89,102	55
Commodities	9,110	14,425	13,912	(513)
Total Federal Sources	86,961	103,472	103,014	(458)
Total Revenues	215,408	230,966	230,922	(44)
<b>Expenditures</b>				
Purchases services	108,042	105,384	102,182	3,202
Supplies and materials	107,230	113,745	107,170	6,575
Other	1,952	2,802	2,798	4
Total Expenditures	217,224	221,931	212,150	9,781
<b>Net Change in Fund Balances</b>	(1,816)	9,035	18,772	9,737
Fund Balance - Beginning of year	16,162	42,862	42,862	0
Fund Balance - End of year	\$14,346	\$51,897	\$61,634	\$9,737

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*2015 Refunding School Bond Debt Retirement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2019*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources:				
Property taxes	\$527,933	\$542,124	\$541,751	(\$373)
Investment income	200	740	1,067	327
Total Local Sources	528,133	542,864	542,818	(46)
State Sources:				
State paymet in lieu of tax	8,000	10,221	10,221	0
Total Revenues	536,133	553,085	553,039	(46)
<b>Expenditures</b>				
Debt service:				
Principal	390,000	390,000	390,000	0
Interest and fiscal charges	166,000	166,000	166,000	0
Other	1,100	1,100	964	136
Total Expenditures	557,100	557,100	556,964	136
<b>Net Change in Fund Balances</b>	(20,967)	(4,015)	(3,925)	90
Fund Balance - Beginning of year	115,415	115,511	115,511	0
Fund Balance - End of year	\$94,448	\$111,496	\$111,586	\$90

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2019*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Investment income	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
<b>Expenditures</b>				
Building improvements services:				
Purchase services	0	25,000	18,560	6,440
Total Expenditures	0	25,000	18,560	6,440
Excess (Deficiency) of Revenues Over Expenditures	0	(25,000)	(18,560)	(6,440)
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	0	25,000	18,560	6,440
Total Other Financing Sources (Uses)	0	25,000	18,560	6,440
<b>Net Change in Fund Balances</b>	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Student Activities Agency Fund  
Statement of Changes in Assets and Liabilities  
June 30, 2019*

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Assets</b>				
Cash	\$129,313	\$220,982	\$184,546	\$165,749
Due from other funds	304	5,595	0	5,899
	<u>\$129,617</u>	<u>\$226,577</u>	<u>\$184,546</u>	<u>\$171,648</u>
<b>Liabilities</b>				
Due to student groups	\$128,580	\$226,577	\$183,509	\$171,648
Due to other funds	1,037	0	1,037	0
Total liabilities	<u>\$129,617</u>	<u>\$226,577</u>	<u>\$184,546</u>	<u>\$171,648</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2019*

	Due to (From) Student Groups July 1, 2018	Receipts	Disbursements	Due to (From) Student Groups June 30, 2019
<b>Due to School District:</b>				
Athletic Officials	\$1,817	\$1,684	\$2,035	\$1,466
Elementary Claws	92	0	0	92
Elementary Activity	3,022	2,410	3,730	1,702
Employee Recognition	300	0	0	300
Families in Need Program	239	200	170	269
MS/HS Activity	1,359	4,490	4,198	1,651
S.E. Work Experience	1	0	1	0
Michigan Sales Tax	196	2,427	2,474	149
Kindergarten	22	851	863	10
First Grade	0	604	567	37
Second Grade	125	1,281	1,104	302
Third Grade	767	808	1,171	404
Fourth Grade	5	418	396	27
Fifth Grade	188	2,923	2,347	764
Sixth Grade	1,443	845	1,253	1,035
Graduated-carryover	6,428	0	0	6,428
Class of 2019	415	2,972	2,655	732
Class of 2020	9	6,221	5,517	713
Class of 2021	221	779	1,000	0
Class of 2022	0	308	307	1
Bobcat Archery	643	0	0	643
Varsity Baseball	2,096	10,954	11,080	1,970
Basketball - Boys	927	880	153	1,654
Cheerleaders	503	3,787	790	3,500
Cross Country	897	1,600	1,497	1,000
Varsity Football	6,225	20,750	19,769	7,206
Hubbard Concessions	3,450	8,189	7,239	4,400
High School Girls Track	3,636	2,013	715	4,934
Basketball-Girls	2,027	15,637	12,252	5,412
Volleyball	5,810	2,360	3,092	5,078
Cheerleaders-MS	498	0	0	498
Golf	1,098	0	0	1,098
Binder Scholarship	774	1,050	250	1,574
Bischoff Scholarship	12,443	0	0	12,443
Lennard Scholarship	206	0	0	206
Kris Hubbard Scholarship	0	2,815	0	2,815
Seegert Scholarship	17,795	0	1,500	16,295
Van Hove Scholarship	965	0	100	865

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2019*

	Due to (From) Student Groups July 1, 2018	Receipts	Disbursements	Due to (From) Student Groups June 30, 2019
	(Continued)			
King Scholarship	\$1,525	\$0	\$0	\$1,525
Whiteford Community Scholarship	37	0	0	37
WRC Scholarship	0	500	500	0
Liz Lykowski Scholarship	5,559	0	300	5,259
Class of '76 Scholarship	315	1,150	0	1,465
Winters Scholarship	0	1,000	0	1,000
Wing Trust Scholarship	0	19,000	0	19,000
Dean Knight Scholarship	30	0	0	30
WRC P2P Scholarship	262	500	499	263
WAS FAC/Staff Scholarship	220	0	0	220
Elementary Art	1	746	420	327
MS/HS Art	80	412	148	344
Band	1	0	1	0
HS Agri/FFA	18,109	27,574	19,754	25,929
Elementary Camp	123	20,439	18,203	2,359
Challenge Day	21	0	0	21
MS/HS Spirit Committee	36	0	0	36
Student Prev Lead Team	3,919	620	1,196	3,343
Choir-All	82	0	82	0
Elementary Crafting For Literacy	457	0	217	240
Science Fair	572	0	0	572
Honor Society	264	623	68	819
Elementary Journalism	874	170	2	1,042
High School Journalism	6,841	8,456	11,627	3,670
Middle School Journalism	16	1,020	1,005	31
Elementary Library	1,049	2,892	3,106	835
High School Library	29	0	0	29
High Project DC	406	0	0	406
21st Century Leaders	0	407	227	180
Put-in-Bay	65	0	0	65
MS Recycling	176	0	176	0
Solar Sprint	896	0	0	896
High School Robotics	0	1,000	9	991
Elementary Student Council	793	1,858	1,410	1,241
Student Council - High School	1,967	1,921	2,028	1,860
Student Council - Middle School	140	1,957	1,765	332
Founders Day	3,521	32,157	29,029	6,649

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2019*

	Due to (From) Student Groups July 1, 2018	Receipts	Disbursements	Due to (From) Student Groups June 30, 2019
(Concluded)				
Elementary Special Education	\$915	\$0	\$185	\$730
Counseling Program	269	0	86	183
Superintendent Activity	406	1,809	2,085	130
Café - Needy Students	147	100	0	247
Interest / Service Charge	0	310	310	0
MS/HS Quiz Bowl	497	0	344	153
MS/HS Families in Need	318	200	2	516
W'Ford Fire Dept. Scholarship	1,000	500	500	1,000
Total Due to Student Groups	<u>\$128,580</u>	<u>\$226,577</u>	<u>\$183,509</u>	<u>\$171,648</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Summary of 2018 Tax Levy  
Year Ended June 30, 2019*

	Millage Rate	Taxable Value	Levy
<b>Whiteford Township</b>			
General Fund operating - non-homestead	18.0000	\$43,317,290	\$779,711
General Fund operating - commercial	6.0000	4,874,795	29,249
2015 Debt Retirement Fund	2.5500	203,181,368	518,112
2015 Debt Retirement Fund - IFT	1.2750	1,233,704	1,573
Sinking Fund	0.9962	203,181,368	202,409
Sinking Fund - IFT	0.4981	1,233,704	615
			<u>1,531,669</u>
<b>Summerfield Township</b>			
General Fund operating - non-homestead	18.0000	373,412	6,721
2015 Debt Retirement Fund	2.5500	1,948,342	4,968
Sinking Fund	0.9962	1,948,342	1,941
			<u>13,630</u>
<b>Riga Township</b>			
General Fund operating - non-homestead	18.0000	624,664	11,244
General Fund operating - commercial	6.0000	28,608	172
2015 Debt Retirement Fund	2.5500	7,187,004	18,327
Sinking Fund	0.9962	7,187,004	7,160
			<u>36,903</u>
Total			<u><u>\$1,582,202</u></u>
<b>Summary</b>			
General Fund operating - non-homestead		44,315,366	\$797,676
General Fund operating - commercial		4,903,403	29,421
2015 Debt Retirement Fund		212,316,714	541,407
2015 Debt Retirement Fund - IFT		1,233,704	1,573
Sinking Fund		212,316,714	211,510
Sinking Fund - IFT		1,233,704	615
			<u><u>\$1,582,202</u></u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Schedule of Technology Enhancement Millage  
Budget and Actual  
Year Ended June 30, 2019*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Technology enhancement millage	\$221,870	\$222,091	\$221
Total Revenues	221,870	222,091	221
<b>Expenditures</b>			
Instruction:			
Salaries	2,885	2,885	0
Fringe benefits	1,318	1,244	74
Purchase services	14,463	14,448	15
Supplies	1,165	905	260
Capital outlay	15,520	15,474	46
Total Instruction	35,351	34,956	321
Support:			
Salaries	46,011	46,079	(68)
Fringe benefits	25,633	25,697	(64)
Purchase services	44,397	44,471	(74)
Supplies	1,488	1,482	6
Capital outlay	110,146	76,066	34,080
Other	751	751	0
Total Support	228,426	194,546	33,880
Total Expenditures	263,777	229,502	34,201
<b>Net Change in Fund Balance</b>	(41,907)	(7,411)	33,980
Restricted for Technology Enhancement - Beginning of Year	129,853	146,355	16,502
Total Technology Enhancement - End of Year	\$87,946	\$138,944	\$50,482
Restricted for Technology - End of Year	\$68,368	\$119,366	\$30,904
Assigned for Technology - End of Year	19,578	19,578	19,578
	\$87,946	\$138,944	\$50,482

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2019*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources:				
Admissions	\$25,550	\$35,345	\$35,311	(\$34)
Participation fees	24,800	34,605	34,105	(500)
Other	0	3,664	9,239	5,575
Total Local Sources	50,350	73,614	78,655	5,041
State Sources:				
Restricted grants	16,199	8,945	9,705	760
Total Revenues	<u>\$66,549</u>	<u>\$82,559</u>	<u>\$88,360</u>	<u>\$5,801</u>
<b>Expenditures</b>				
Operations and maintenance:				
Security services				
Purchased services	\$0	\$1,400	\$1,314	\$86
Pupil Transportation:				
Salaries	5,075	4,415	4,427	(12)
Employee benefits	2,482	2,151	2,131	20
Central Services:				
Staff services				
Purchased services	1,720	150	150	0
Athletics:				
Salaries	122,110	77,667	77,814	(147)
Employee benefits	57,337	36,280	36,765	(485)
Purchased services	35,397	82,775	81,013	1,762
Supplies and materials	4,925	9,630	6,730	2,900
Capital outlay	1,800	10,732	3,795	6,937
Other	2,226	3,726	3,321	405
Total Expenditures	<u>\$233,072</u>	<u>\$228,926</u>	<u>\$217,460</u>	<u>\$11,466</u>

## FEDERAL FINANCIAL ASSISTANCE PROGRAMS



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Schedule of Expenditures of Federal Awards  
June 30, 2019*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Passed Through State Department of Education:		
Title I	181530-1718	\$40,407
Title I	191530-1819	35,650
Title II Part A	180520-1718	25,736
Title II Part A	190520-1819	23,669
Title IV Part A	180750-1718	10,000
Title IV Part A	190750-1819	10,000
Total Passed Through State Dept. of Education		145,462
Passed Through Intermediate School District:		
Homeless Students' Assistance	192320-1819	4,049
Total Passed Through Intermediate School District		4,049
Total U.S. Department of Education		149,511
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	917
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
Cash Assistance:		
National School Lunch Program		
181960 All Lunches	10.555	70,083
191960 All Lunches	10.555	68,436
		138,519
181970 Breakfast	10.553	13,291
191970 Breakfast	10.553	11,546
		24,837
		151,546
Noncash Assistance (Commodities)		
National Lunch Program Commodities	10.555	13,912
Total U.S. Department of Agriculture		165,458
Total Federal Financial Assistance		\$315,886

Accrued (Deferred) Revenue July 1, 2018	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2019
\$12,407	\$40,407	\$0	\$12,407	\$0
0	0	35,316	35,000	316
2,933	17,933	0	2,933	0
0	0	14,647	14,000	647
248	5,248	4,751	4,999	0
0	0	10,000	10,000	0
<u>15,588</u>	<u>49,834</u>	<u>64,714</u>	<u>79,339</u>	<u>963</u>
0	0	4,049	3,591	458
<u>0</u>	<u>0</u>	<u>4,049</u>	<u>3,591</u>	<u>458</u>
<u>15,588</u>	<u>49,834</u>	<u>68,763</u>	<u>82,930</u>	<u>1,421</u>
<u>\$0</u>	<u>\$1,308</u>	917	<u>\$917</u>	<u>\$0</u>
\$1,694	\$62,287	7,796	\$9,490	\$0
0	0	68,436	67,004	1,432
<u>1,694</u>	<u>62,287</u>	<u>76,232</u>	<u>76,494</u>	<u>1,432</u>
495	11,967	1,324	1,819	0
0	0	11,546	11,180	366
<u>495</u>	<u>11,967</u>	<u>12,870</u>	<u>12,999</u>	<u>366</u>
<u>0</u>	<u>70,249</u>	<u>89,102</u>	<u>89,493</u>	<u>1,798</u>
0	12,289	13,912	13,912	0
<u>\$0</u>	<u>\$84,586</u>	<u>103,014</u>	<u>\$103,405</u>	<u>\$3,230</u>
		<u>\$172,694</u>		

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENAWEЕ, MICHIGAN**

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019*

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1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Whiteford Agricultural Schools under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Whiteford Agricultural Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Whiteford Agricultural Schools.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement.
3. Whiteford Agricultural Schools has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.
5. There were no federal awards expended for loan or loan guarantee programs.
6. Whiteford Agricultural Schools does not have any subrecipients.
7. The amounts reported on the Grant Section Auditors Report reconcile with this schedule.

# COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Board of Education

Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan  
Ottawa Lake, Michigan 49267

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

Very truly yours,



October 9, 2019

# COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

October 9, 2019

To the Board of Education

Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 May 9, 2019. Professional standards require that we provide you with 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 Whiteford Agricultural Schools are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending June 30, 2019. We noted no transactions entered into by Whiteford Agricultural Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Financial statement disclosures are neutral, consistent, and clear.

To the Board of Education  
Whiteford Agricultural Schools

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#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to 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 9, 2019.

#### *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 Whiteford Agricultural School'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 Whiteford Agricultural School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### *Other Matters*

We applied certain limited procedures to the major fund budget and actual statements and pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

To the Board of Education  
Whiteford Agricultural Schools

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We were engaged to report on the nonmajor fund budget and actual statements, the agency changes in assets and liabilities, and the federal financial assistance program schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United State of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Restriction on Use*

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

Very truly yours,

*Cosley Hill Jahn + Calkins*