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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, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A 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,

Cooley Hehl Wohlgamuth & Carlton

October 2, 2012



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October 2, 2012

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, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 2, 2012. 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 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

To the Board of 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 the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Education
Whiteford Agricultural Schools

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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,

Cooley Hehl Wohlgenuth & Carlton

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

ANNUAL FINANCIAL REPORT
June 30, 2012

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

*School Board Members
June 30, 2012*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Holly Bunge	President	6/30/2015
Dan Martin	Vice-President	6/30/2013
Karen Miller	Secretary	6/30/2015
Michelle Wing	Treasurer	6/30/2014
Rob Schnipke	Trustee	6/30/2012
Christine Bischoff	Trustee	6/30/2014
Tracy Malhoit	Trustee	6/30/2012

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

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June 30, 2012*

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

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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, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2012 on our consideration of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 34 through 39, 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 historic 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whiteford Agricultural School's financial statements as a whole. The accompanying other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



October 2, 2012



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

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

We have audited 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, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Whiteford Agricultural School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Whiteford Agricultural School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whiteford Agricultural School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Whiteford Agricultural School's internal control over financial reporting.

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

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

Board of Education

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

Compliance and Other Matters

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

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

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

October 2, 2012

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

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

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, 2012. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Funds, and Debt Service Funds.

Using this Annual Report

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

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

Basic Financial Statements

District-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

*Budgetary Information for Major Funds
(Required Supplemental Information)*

Other Supplemental Information

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

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

District-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 13-14), which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Fund Financial Statements

The School District's Fund Financial Statements (pages 15-19) provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 16 and 18.

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 Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

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

District-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2012 and 2011.

Table 1

Comparative Statement of Net Assets

	June 30, 2012	June 30, 2011
Current and other assets	\$2,105,367	\$2,222,701
Capital assets, net	6,869,356	7,050,848
Total Assets	8,974,723	9,273,549
Current and other liabilities	1,393,205	1,194,684
Long-term liabilities	6,498,133	6,807,132
Total Liabilities	7,891,338	8,001,816
Net Assets		
Invested in capital assets, net of related debt	285,063	191,890
Restricted for technology enhancement	91,694	206,795
Restricted for debt service	151,936	164,439
Unrestricted	554,692	708,609
Total Net Assets	\$1,083,385	\$1,271,733

As depicted in Table 1, the School District's net assets were \$1,083,385 at June 30, 2012. Of this amount, \$554,692 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities (compensated absences for example), we would have \$554,692 left. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal years ended June 30, 2012 and 2011.

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

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

District-Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Revenues		
Program revenues:		
Charges for services	\$246,200	\$240,337
State grants and other revenue	454,203	252,352
Federal grants	259,361	442,490
	<u>959,764</u>	<u>935,179</u>
General revenues:		
Property taxes	1,548,492	1,681,973
State foundation allowance	4,044,708	4,099,060
Other general revenues	67,599	35,170
	<u>5,660,799</u>	<u>5,816,203</u>
Total Revenues	<u>6,620,563</u>	<u>6,751,382</u>
 Functions/Program Expenses		
Instruction	3,622,643	3,771,379
Support services	2,269,302	2,159,049
Athletics	157,246	150,969
Food service	219,373	210,771
Interest on long-term debt	331,561	347,369
Depreciation	208,786	201,212
	<u>6,808,911</u>	<u>6,840,749</u>
Total Expenses	<u>6,808,911</u>	<u>6,840,749</u>
Increase (Decrease) in Net Assets	<u>(\$188,348)</u>	<u>(\$89,367)</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$6,808,911. Of this amount, \$959,764 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced a decrease in net assets this year of \$188,348. Reasons for this decrease include: a reduction in property taxes and federal grants. A reconciliation of the change in fund balances to the change in net assets appears on page 18.

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

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

Fund Financial Analysis

As noted earlier, the School District uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether 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 \$1,095,175, which is a decrease of \$313,744 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund balances - Beginning of year	\$1,244,480	\$164,439	\$1,408,919
Increase (decrease)	<u>(301,241)</u>	<u>(12,503)</u>	<u>(313,744)</u>
Fund balances – End of year	<u>\$943,239</u>	<u>\$151,936</u>	<u>\$1,095,175</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.

Revenues	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percent Change</u>
Local sources	\$875,514	\$1,027,708	(14.8)%
State sources	4,338,231	4,335,653	0.1 %
Federal sources	173,960	227,658	(23.6)%
Interdistrict and other sources	<u>398,347</u>	<u>393,382</u>	1.3 %
	<u>\$5,786,052</u>	<u>\$5,984,401</u>	(3.3)%

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

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

Fund Financial Analysis – Concluded

Expenditures	June 30, 2012	June 30, 2011	Percent Change
Instruction	\$3,621,513	\$3,751,617	(3.5)%
Support services	2,302,814	2,203,907	4.5 %
Athletics	150,745	150,969	0.1 %
Operating transfers out	12,221	22,780	(46.3)%
	<u>\$6,087,293</u>	<u>\$6,129,273</u>	(0.7)%

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 \$5,744,575 versus the final budget of \$5,854,005, an increase of \$109,430. Major components of the original budget for revenues versus final projections are discussed below:

- Original budget reflected a blended count of 716.58 FTE's at \$6,873/pupil; final budget reflects actual blended count of 706.59 FTE's at \$6,873/pupil.
- The District recognized the second half of the Ed Jobs fund revenues this fiscal for a total of \$79,735.
- Additional funds totaling \$12,047 were received for Ed Jobs.
- Adjust for increase in Technology Millage funds of \$7,129.
- Adjustment of \$47,339 for increase in Title I allocation as well as Title I carryover.
- Adjustment of \$22,235 for increase in Title II allocation and Title II Part A Carryover.
- Additional funds totaling \$70,659 received for Best Practices Incentive.
- Adjust for additional funds received for MPSERS Cost Offset, budgeted \$50,000, received \$68,911.
- Decrease of \$11,302 in Special Ed Headlee funds and \$26,444 in Special Ed funds received through the ISD.

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

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

Expenditures – The original budget for expenditures was \$6,415,818 compared to the final budget of \$6,298,600; a decrease of \$117,218. Major components of the original budget for expenditures versus final projections are discussed below:

- Decrease salary and benefits for instructional staff by approximately \$142,000 due to personnel changes as well as PA54 implications.
- Reduced Special Education budget by \$30,300 for change in salaries and benefits due to change in personnel.
- Increased expenditure budgets approximately \$69,000 for Title I & Title II allocation and carryover adjustments.
- Adjust for decrease in budget of \$10,063 for Other business services due mainly to the reduction in interest rate for the state aid note.
- Adjust for decrease in Operations and Maintenance budget of approximately \$60,000 comprised mainly of reductions in utility costs (phone, gas, electric) and funds budgeted for unforeseen emergency repairs.
- Increase in Transportation expenditures of \$24,716 for special ed bus driver and aide expenses.

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$5,786,052 versus a budget of \$5,854,005; a difference of \$67,953.

- At risk revenue of \$46,114 was budgeted, but only \$12,907 recognized; difference of \$33,207.
- Revenue for Title I was budgeted at \$87,978, but only \$64,463 recognized; difference of \$23,515.
- Revenue for Title II was budgeted at \$40,860, but only \$16,647 recognized; difference of \$24,213,

Expenditures – Final budget for expenditures was \$6,298,600 compared to actual expenditures of \$6,087,293, a difference of \$211,307. This difference is mainly attributed to the following:

- Instructional expenditures for basic programs relating to insurance and retirement benefits were approximately \$26,000 less than budgeted due mainly to estimations in benefits costs.
- Special education expenditures were approximately \$33,000 less than budgeted due to estimation in substitute costs for a vacant position as well as new hire costs.
- \$80,935 in At Risk, Title I and Title II grant funds budgeted were not spent and will become carryover in FY 13.
- Expenditures related to the cooperative arrangement for business services were \$7,300 less than budgeted.
- Utility expenditures were approximately \$14,400 less than budgeted.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2012, the School District had \$10,849,544 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, furniture and equipment. This amount includes additions of \$27,294 in capital assets. This year's additions included a purchase of a rooftop unit and servers. The District had \$93,843 in disposals of capital assets. Depreciation for this year totaled \$208,786. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

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

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

Debt

At June 30, 2012, the School District had \$6,810,747 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 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 2012-13 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2012-13 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2013 fiscal year is 10 percent of the February 2012 and 90 percent of the September 2012 student counts. The 2012-13 budget was adopted June 13, 2012. The District projected a blended pupil count of 676.66 students which is approximately 30 FTE's less than the previous year's actual figure. Approximately 84 percent of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included a \$93/pupil increase to reflect an increase to the new minimum foundation of \$6,966.

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

Contacting 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.

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BASIC FINANCIAL STATEMENTS

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DISTRICT - WIDE FINANCIAL STATEMENTS

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

*Statement of Net Assets
June 30, 2012*

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$1,263,172
Accounts/taxes receivable	1,324
Due from other governmental units	837,003
Inventories	3,191
Prepaid expenses	677
Capital assets, net	<u>6,869,356</u>
Total Assets	<u>8,974,723</u>
 Liabilities	
Accounts payable	132,877
Salaries payable	297,165
Other liabilities	152,398
Accrued interest payable	47,266
State aid note payable	392,143
Deferred revenue	35,609
Long-term liabilities:	
Due within one year	335,747
Due in more than one year	6,718,840
Plus:	
Unamortized premium on bonds	29,340
Less:	
Unamortized bond issuance costs	(64,974)
Unamortized advanced amount on refunding	<u>(185,073)</u>
Total Liabilities	<u>7,891,338</u>
 Net Assets	
Invested in capital assets, net of related debt	285,063
Restricted for technology enhancement	91,694
Restricted for debt service	151,936
Unrestricted	<u>554,692</u>
Total Net Assets	<u><u>\$1,083,385</u></u>

See accompanying notes to the basic financial statements

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FUND FINANCIAL STATEMENTS

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

*Governmental Funds
Balance Sheet
June 30, 2012*

	General	Other Nonmajor Governmental Funds	Totals
Assets			
Cash and cash equivalents	\$1,103,605	\$159,567	\$1,263,172
Accounts/taxes receivable	1,324	0	1,324
Due from other governmental units	835,714	1,289	837,003
Due from other funds	0	2,689	2,689
Inventory	0	3,191	3,191
Prepaid expenditures	77	600	677
Total Assets	\$1,940,720	\$167,336	\$2,108,056
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$119,777	\$13,100	\$132,877
Salaries payable	297,165	0	297,165
Other liabilities	152,398	0	152,398
State aid note payable	392,143	0	392,143
Deferred revenue	33,309	2,300	35,609
Due to other funds	2,689	0	2,689
Total Liabilities	997,481	15,400	1,012,881
Fund Balances			
Nonspendable:			
Prepaid expenditures	77	0	77
Restricted for:			
Technology enhancement	91,694	0	91,694
2001 School bond debt retirement	0	151,936	151,936
Unassigned	851,468	0	851,468
Total Fund Balances	943,239	151,936	1,095,175
Total Liabilities and Fund Balances	\$1,940,720	\$167,336	\$2,108,056

See accompanying notes to the basic financial statements

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

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

Total Fund Balances - Governmental Funds		\$1,095,175
<p>Amounts reported for governmental activities in the statement of net assets 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	\$10,849,544	
Accumulated depreciation	(3,980,188)	
		6,869,356
<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>		
Bonds payable	(6,810,747)	
Compensated absences/severance compensation	(243,840)	
Accrued interest	(47,266)	
Premium amortized over the life of the bonds	(29,340)	
Issuance costs amortized over the life of the bonds	64,974	
Advanced amount on refunding amortized over the life of the bonds	185,073	
		(6,881,146)
Total Net Assets - Governmental Activities		\$1,083,385

See accompanying notes to the basic financial statements

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

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

	General	Other Nonmajor Governmental Funds	Totals
Revenues			
Local sources	\$875,514	\$693,746	\$1,569,260
State sources	4,338,231	51,996	4,390,227
Federal sources	173,960	85,401	259,361
Interdistrict and other sources	398,347	0	398,347
Total Revenues	5,786,052	831,143	6,617,195
Expenditures			
Instruction	3,621,513	0	3,621,513
Support services	2,302,814	219,373	2,522,187
Debt service	0	636,494	636,494
Athletics	150,745	0	150,745
Total Expenditures	6,075,072	855,867	6,930,939
Excess (Deficiency) of Revenues Over Expenditures	(289,020)	(24,724)	(313,744)
Other Financing Sources (Uses)			
Operating transfers in	0	12,221	12,221
Operating transfers out	(12,221)	0	(12,221)
Total Other Financing Sources (Uses)	(12,221)	12,221	0
Net Change in Fund Balances	(301,241)	(12,503)	(313,744)
Fund Balances - Beginning of year	1,244,480	164,439	1,408,919
Fund Balances - End of year	<u>\$943,239</u>	<u>\$151,936</u>	<u>\$1,095,175</u>

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWEE, 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, 2012*

Total Net Change in Fund Balances - Governmental Funds	(\$313,744)
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	(\$208,786)
Capital outlay	<u>27,294</u>
	(181,492)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	329,872
Governmental funds report issuance costs, 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 assets and these amounts are amortized over the life of the bonds	(25,335)
Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid	3,764
Increases in the liability for compensated absences are reported as expenditures in the statement of activities, but not in the governmental funds	<u>(1,413)</u>
Change in Net Assets of Governmental Activities	<u><u>(\$188,348)</u></u>

See accompanying notes to the basic financial statements

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

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

	<u>Agency Fund</u>
	<u>Student Activities</u>
Assets	
Cash and certificates of deposit	<u>\$126,977</u>
Liabilities	
Due to student groups	\$112,567
Due to general fund	14,388
Due to food service	22
Total Liabilities	<u>\$126,977</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, 2012*

Note 1 Description of the School District and Reporting Entity

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

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan (Whiteford Schools), this includes general operations, athletics, food service, debt, 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. All of the School District's district-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 LENAWEE, MICHIGAN**

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

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 fund:

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 School District reports the following nonmajor governmental funds:

The Food Service Fund, the 2001 School Bond Debt Retirement Fund, and the Durant Debt Retirement Fund. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

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

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

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. 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.

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, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

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

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

Capital Assets (Concluded)

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

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

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

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.

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

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

Note 2 Summary of Significant Accounting Policies (Continued)

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

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

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and 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.

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

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

Note 2 Summary of Significant Accounting Policies (Concluded)

F. Budgetary Policies (Concluded)

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

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

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

- G. Subsequent Events – The School District’s management evaluated subsequent events from June 30, 2012 through October 2, 2012, the date the financial statements were available to be issued.

Note 3 Stewardship, Accountability and Compliance

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

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

During the year ended June 30, 2012, 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.

For the year ended June 30, 2012, expenditures exceeded final budgeted amounts in the following fund:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Food Service Fund	<u>\$213,447</u>	<u>\$219,373</u>	<u>\$5,926</u>

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

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

Note 4 Deposits and Investments

As of June 30, 2012, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Huntington Bank, Flagstar, JP Morgan Chase Bank, and Michigan School District Liquid Asset Fund Plus.

- 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 \$1,413,629 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$1,078,572. In addition, all funds in noninterest-bearing transaction accounts are insured in full by the FDIC. At June 30, 2012, the School District had an additional \$287,182 in deposits insured through this program. Uninsured deposits are \$47,875.
- E. Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District 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.

The School District voluntarily invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the Securities Exchange Commission. MILAF reports that as of June 30, 2012, the fair value of the School District's investments is the same as the value of the pool shares. As of June 30, 2012, \$15,142 was held with MILAF.

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

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

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

Note 5 Capital Assets

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

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Capital assets being depreciated:				
Land improvements	416,181	0	0	416,181
Buildings and building improvements	9,802,249	12,337	0	9,814,586
Machinery and equipment	134,209	14,957	0	149,166
Vehicles	541,541	0	93,843	447,698
	10,894,180	27,294	93,843	10,827,631
 Total capital assets	 10,916,093	 27,294	 93,843	 10,849,544
 Less Accumulated Depreciation:				
Land improvements	(172,586)	(20,265)	0	(192,851)
Buildings and building improvements	(3,076,057)	(170,614)	0	(3,246,671)
Machinery and equipment	(126,759)	(1,925)	0	(128,684)
Vehicles	(489,843)	(15,982)	(93,843)	(411,982)
	(3,865,245)	(208,786)	(93,843)	(3,980,188)
 Total accumulated depreciation	 (3,865,245)	 (208,786)	 (93,843)	 (3,980,188)
 Net capital assets	 \$7,050,848	 (\$181,492)	 \$0	 \$6,869,356

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

Note 6 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2012, consisted of the following individual fund receivables and payables:

	Due To
	Food
	Service Fund
<u>Due From</u>	
General Fund	\$2,689

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.

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

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

Note 6 Interfund Payables, Receivables, and Transfers (Concluded)
Interfund transfers at June 30, 2012, consisted of the following:

	<u>Transfer Out General Fund</u>
<u>Transfer In:</u>	
Food Service Fund	<u>\$12,221</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

A. Plan Description

The School participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School. The MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909-7671 or online at www.michigan.gov/documents/orsschools/CAFR.

B. Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 20.66 percent for the period July 1, 2011 through September 30, 2011, 24.46 percent for the period October 1, 2011 through June 30, 2012 of the covered payroll to the plan. New employees hired on or after July 1, 2010 are in the Pension Plus hybrid plan. The pension rate for the Pension Plus hybrid plan was 19.16 percent for the period July 1, 2011 through September 30, 2011, 23.23 percent for the period October 1, 2011 through June 30, 2012 of the covered payroll for the plan. Basic plan members make no contributions, but member investment plan (MIP) members contribute at rates ranging from percent to 3 percent to 6.4 percent of gross wages. The School's contributions to the MPSERS pension plan for the years ended June 30, 2012, 2011, and 2010 were \$794,054, \$669,389, and \$601,104, respectively.

C. Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage. Retirees electing continuing coverage, contribute a monthly portion of the premium based on various factors specified by the retirement system for the health, dental, and vision coverages. Required contributions for postemployment health care benefits are included as part of the School's total contribution to the MPSERS pension plan discussed above.

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

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

Note 8 Enhancement Millage for Technology

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

Note 9 Short-Term Debt Activity

The School District has various options for short-term financing including tax anticipation notes, state aid anticipation notes, and lines of credit. The School District entered into a short-term financing arrangement during the fiscal year ended June 30, 2012. This arrangement was for a state aid anticipation note, secured against the state aid fund allowance, through the Michigan Municipal Bond Authority. Short-term debt activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
State aid anticipation note	\$94,284	\$945,000	\$647,141	\$392,143

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

Note 10 Long-Term Debt

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

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2012</u>	<u>Due in One Year</u>
School Improvement Bonds					
Series 1998	\$35,619	\$0	\$29,872	\$5,747	\$5,747
2005 Refunding Bonds	7,105,000	0	300,000	6,805,000	330,000
	<u>7,140,619</u>	<u>0</u>	<u>329,872</u>	<u>6,810,747</u>	<u>335,747</u>
Compensated absences payable	242,427	1,413	0	243,840	0
	<u>\$7,383,046</u>	<u>\$1,413</u>	<u>\$329,872</u>	<u>\$7,054,587</u>	<u>\$335,747</u>

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

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

Note 10 Long-Term Debt (Continued)

On October 5, 2005, the School issued \$7,405,000 in general obligation bonds with an average interest rate of 4.14 percent to advance refund \$7,070,000 of outstanding 2001 Series bonds with an average interest rate of 5.04 percent. The net proceeds of \$7,342,778 (after payment of \$113,454 in underwriting fees, insurance, and other issuance costs) plus an additional \$50,387 of 2001 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 2001 Series bonds. As a result, the 2001 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$323,165. 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 \$600,511 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$314,183.

Compensated absences payable represents benefits for vacation, sick leave and severance as of year end.

School Improvement Bonds, Series 1998 - Interest rate 4.8%

These Bonds were issued as a settlement of the Durant issue between the School District and the State of Michigan. The bonds are a legal obligation of the School District. The liability created by these bonds will be reduced each year by an annual State of Michigan appropriation for debt service on the bonds, and this annual appropriation is the only revenue source for making the annual debt service payments on the bonds. If the State of Michigan fails to appropriate the funds, there is no obligation for the School District to make the payment. If there is a failure to appropriate the funds for debt service in any year, the School District will write off the debt service for that fiscal year only. During the year ended June 30, 2007, the State of Michigan revised (the second revision) the annual debt service payment schedule. The payments for years ending 2003, 2004, 2005, 2007, and 2008 will be paid in 2012.

<u>Fiscal Year</u>	<u>Interest Requirements May 1</u>	<u>Bond Maturities May 1</u>	<u>Total Requirements</u>
2013	<u>\$274</u>	<u>\$5,747</u>	<u>\$6,021</u>

2001 School Building and Site Bonds - \$8,115,000 - Interest rate 4.0% to 5.125%

These bonds were approved by the voters of the School District on March 20, 2001. The proceeds are to be used for erecting, furnishing and equipping an addition to the elementary school; partially remodeling, refurbishing and reequipping 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 October 5, 2005, certain bonds totaling \$7,070,000 were defeased by the 2005 bond issue.

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

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

Note 10 Long-Term Debt (Concluded)

2005 Refunding Bonds - \$7,405,000 - Interest rate 3.0% to 4.25%

These bonds dated November 1, 2005, were issued to defease \$7,070,000 of the 2001 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 2005 bonds are as follows:

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond</u> <u>Maturities</u>	<u>Total</u> <u>Requirements</u>
	<u>November 1</u>	<u>May 1</u>	<u>May 1</u>	
2013	\$141,797	\$141,797	\$330,000	\$613,594
2014	133,547	133,547	350,000	617,094
2015	124,797	124,797	365,000	614,594
2016	117,497	117,497	380,000	614,994
2017	109,897	109,897	400,000	619,794
2018	101,897	101,897	415,000	618,794
2019	93,597	93,597	430,000	617,194
2020	84,997	84,997	450,000	619,994
2021	75,997	75,997	465,000	616,994
2022	66,697	66,697	485,000	618,394
2023	56,997	56,997	505,000	618,994
2024	46,644	46,644	525,000	618,288
2025	35,816	35,816	545,000	616,632
2026	24,508	24,508	570,000	619,016
2027	12,537	12,537	590,000	615,074
	<u>\$1,227,222</u>	<u>\$1,227,222</u>	<u>\$6,805,000</u>	<u>\$9,259,444</u>

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u> <u>Requirement</u>
2013	\$283,868	\$335,747	\$619,615
2014	267,094	350,000	617,094
2015	249,594	365,000	614,594
2016	234,994	380,000	614,994
2017	219,794	400,000	619,794
2018-2022	846,370	2,245,000	3,091,370
2023-2027	353,004	2,735,000	3,088,004
	<u>\$2,454,718</u>	<u>\$6,810,747</u>	<u>\$9,265,465</u>

Note 11 Lease Commitments – Operating Leases

The School District has, as of June 30, 2012, contractual agreements specifying the following annual lease payment obligations:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$54,490
2014	30,989
2015	19,882
2016	19,882
	<u>\$125,243</u>

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

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

Note 12 Property Taxes

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2011 property taxes were levied on December 1, 2011 on assessed valuations as of December 31, 2010. Taxes were collected beginning December 1, 2011 and payments were due by February 14, 2012. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2011 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$45,250,279	18.00	\$814,505
Commercial	5,054,754	6.00	30,329
2005 Debt Retirement Fund:			
Regular	200,852,492	2.90	582,472
IFT	3,191,400	1.45	<u>4,628</u>
Total			<u>\$1,431,934</u>

Note 13 Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2012, the School District incurred claims of \$7,117.

Note 14 Cafeteria Contract

During the fiscal year ended June 30, 2012, the School District contracted with Sodexo Management, Inc. (Sodexo) to cover all cafeterias within the School District. Pursuant to this agreement, Sodexo manages the food service operations of the School District. All costs of Sodexo have been reflected in the financial statements of the Food Service Fund.

Note 15 Contingencies

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

B. Litigation

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

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

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

Note 16 **Risk Management and Insurance Pool**

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

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

Note 17 **Governmental Regulation**

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

REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$988,511	\$884,953	\$875,514	(\$9,439)
State sources	4,240,265	4,349,228	4,338,231	(10,997)
Federal sources	139,999	221,220	173,960	(47,260)
Interdistrict and other sources	375,800	398,604	398,347	(257)
Total Revenues	5,744,575	5,854,005	5,786,052	(67,953)
Expenditures				
Instruction:				
Basic programs	3,486,274	3,285,702	3,237,203	48,499
Added needs	451,427	474,795	384,310	90,485
Support services:				
Pupil	244,432	240,323	237,632	2,691
Instructional staff	200,738	271,168	266,407	4,761
General administration	256,057	275,633	268,328	7,305
School administration	420,870	421,971	425,509	(3,538)
Business administration	106,419	99,789	89,295	10,494
Operation and maintenance	656,749	594,146	560,226	33,920
Pupil transportation	356,990	377,445	372,367	5,078
Central services	87,614	92,432	83,050	9,382
Athletics	133,770	151,371	150,745	626
Total Expenditures	6,401,340	6,284,775	6,075,072	209,703
Excess (Deficiency) of Revenues Over Expenditures	(656,765)	(430,770)	(289,020)	141,750
Other Financing Sources (Uses)				
Operating transfer out	(14,478)	(13,825)	(12,221)	1,604
Total Other Financing Sources (Uses)	(14,478)	(13,825)	(12,221)	1,604
Net Change in Fund Balances	(671,243)	(444,595)	(301,241)	143,354
Fund Balances - Beginning of year	1,022,308	1,244,480	1,244,480	0
Fund Balances - End of year	\$351,065	\$799,885	\$943,239	\$143,354

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

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Local Sources			
Property taxes	\$798,634	\$788,027	(\$10,607)
Tuition	3,758	3,758	0
Earnings on investments	2,900	3,374	474
Contributions	1,025	1,026	1
Athletics	69,904	70,017	113
Other revenue	8,732	9,312	580
Total Local Sources	884,953	875,514	(9,439)
State Sources			
Unrestricted grants:			
Proposal A obligation	2,874,810	2,896,936	22,126
Discretionary payment	1,077,030	1,077,113	83
Best practices	70,659	70,659	0
Restricted grants:			
Special education-Headlee obligation	181,582	181,582	0
At risk	46,114	12,907	(33,207)
Other state grants	84,287	84,288	1
Transfer from intermediate school district:			
Vocational education added costs	14,746	14,746	0
Total State Sources	4,349,228	4,338,231	(10,997)
Federal Sources			
Title I	87,978	64,463	(23,515)
Title IIA	40,860	16,647	(24,213)
Education jobs fund	91,782	91,781	(1)
Medicaid outreach grant	600	1,069	469
Total Federal Sources	221,220	173,960	(47,260)
Interdistrict and Other Sources			
Transfer from intermediate school district:			
County special education tax	138,556	138,556	0
Technology enhancement millage	177,129	177,129	0
Cooperative program	66,815	66,558	(257)
Insurance reimbursements	12,450	12,450	0
Sale of capital assets	3,654	3,654	0
Total Interdistrict and Other Sources	398,604	398,347	(257)
Total Revenues	\$5,854,005	\$5,786,052	(\$67,953)

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

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

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$784,933	\$421,175	\$31,292
Middle School	490,134	282,936	8,138
High School	714,360	398,215	31,589
	<u>1,989,427</u>	<u>1,102,326</u>	<u>71,019</u>
Added Needs:			
Special education	161,177	76,738	11,733
Compensatory education	54,503	19,693	0
Vocational education	27,923	15,430	1,211
	<u>243,603</u>	<u>111,861</u>	<u>12,944</u>
Total Instruction	2,233,030	1,214,187	83,963
Support Services			
Pupil:			
Guidance	77,827	35,804	73
Health	0	0	183
Speech	64,635	38,736	0
Other pupil services	8,886	3,430	2,856
	<u>151,348</u>	<u>77,970</u>	<u>3,112</u>
Instructional Staff:			
Improvement of instruction	3,154	1,015	11,164
Library	25,877	8,377	1,198
Technology assisted	39,291	19,882	3,455
	<u>68,322</u>	<u>29,274</u>	<u>15,817</u>
General Administration:			
Board of Education	2,480	200	46,560
Executive administration	135,157	74,448	5,344
	<u>137,637</u>	<u>74,648</u>	<u>51,904</u>
School Administration:			
Office of the principal	254,986	159,549	5,071
Other school administration	0	0	0
	<u>254,986</u>	<u>159,549</u>	<u>5,071</u>
Business Administration:			
Fiscal services	6,567	11,695	19
Other business services	0	0	5,263
	<u>6,567</u>	<u>11,695</u>	<u>5,282</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$13,271	\$12,034	\$0	\$1,262,705	\$1,276,787	\$14,082
3,981	5,764	445	791,398	805,679	14,281
12,659	10,715	15,562	1,183,100	1,203,236	20,136
<u>29,911</u>	<u>28,513</u>	<u>16,007</u>	<u>3,237,203</u>	<u>3,285,702</u>	<u>48,499</u>
618	2,485	0	252,751	286,643	33,892
133	0	0	74,329	130,124	55,795
12,666	0	0	57,230	58,028	798
<u>13,417</u>	<u>2,485</u>	<u>0</u>	<u>384,310</u>	<u>474,795</u>	<u>90,485</u>
43,328	30,998	16,007	3,621,513	3,760,497	138,984
273	497	0	114,474	114,906	432
747	0	0	930	1,034	104
284	497	0	104,152	104,910	758
0	0	2,904	18,076	19,473	1,397
<u>1,304</u>	<u>994</u>	<u>2,904</u>	<u>237,632</u>	<u>240,323</u>	<u>2,691</u>
0	0	0	15,333	31,297	15,964
520	0	0	35,972	36,204	232
1,764	119,870	30,840	215,102	203,667	(11,435)
<u>2,284</u>	<u>119,870</u>	<u>30,840</u>	<u>266,407</u>	<u>271,168</u>	<u>4,761</u>
750	0	2,323	52,313	57,321	5,008
546	0	520	216,015	218,312	2,297
<u>1,296</u>	<u>0</u>	<u>2,843</u>	<u>268,328</u>	<u>275,633</u>	<u>7,305</u>
2,213	1,893	895	424,607	420,971	(3,636)
902	0	0	902	1,000	98
<u>3,115</u>	<u>1,893</u>	<u>895</u>	<u>425,509</u>	<u>421,971</u>	<u>(3,538)</u>
788	0	53,850	72,919	80,553	7,634
0	0	11,113	16,376	19,236	2,860
<u>788</u>	<u>0</u>	<u>64,963</u>	<u>89,295</u>	<u>99,789</u>	<u>10,494</u>

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

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

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
(Concluded)			
Support Services			
Operation and maintenance	\$193,562	\$136,225	\$91,029
Pupil transportation	172,887	69,357	56,885
Central Services:			
Communication services	0	0	5,234
Staff services	836	268	4,203
Technology	27,300	13,678	7,126
	<u>28,136</u>	<u>13,946</u>	<u>16,563</u>
Athletics	<u>88,289</u>	<u>26,076</u>	<u>26,388</u>
Total Support Services	<u>1,101,734</u>	<u>598,740</u>	<u>272,051</u>
Total Expenditures	3,334,764	1,812,927	356,014
Other Financing Uses			
Fund modifications:			
Operating transfer out:			
Transfer to Food Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures and Other Financing Uses	<u><u>\$3,334,764</u></u>	<u><u>\$1,812,927</u></u>	<u><u>\$356,014</u></u>

<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Expenses</u>	<u>Totals</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$138,509	\$0	\$901	\$560,226	\$594,146	\$33,920
65,727	0	7,511	372,367	377,445	5,078
0	0	0	5,234	5,855	621
101	0	300	5,708	13,575	7,867
0	10,050	13,954	72,108	73,002	894
<u>101</u>	<u>10,050</u>	<u>14,254</u>	<u>83,050</u>	<u>92,432</u>	<u>9,382</u>
<u>2,396</u>	<u>4,405</u>	<u>3,191</u>	<u>150,745</u>	<u>151,371</u>	<u>626</u>
<u>215,520</u>	<u>137,212</u>	<u>128,302</u>	<u>2,453,559</u>	<u>2,524,278</u>	<u>70,719</u>
258,848	168,210	144,309	6,075,072	6,284,775	209,703
<u>0</u>	<u>0</u>	<u>12,221</u>	<u>12,221</u>	<u>13,825</u>	<u>1,604</u>
<u>0</u>	<u>0</u>	<u>12,221</u>	<u>12,221</u>	<u>13,825</u>	<u>1,604</u>
<u>\$258,848</u>	<u>\$168,210</u>	<u>\$156,530</u>	<u>\$6,087,293</u>	<u>\$6,298,600</u>	<u>\$211,307</u>

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OTHER SUPPLEMENTAL INFORMATION

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

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

	Special Revenue Fund	Debt Retirement Funds		Total Nonmajor Governmental Funds
	Food Service	2005 Refunding School Bond	Durant	
Assets				
Cash and cash equivalents	\$2,617	\$156,950	\$0	\$159,567
Due from other governmental units	1,289	0	0	1,289
Due from other funds	2,689	0	0	2,689
Inventory	3,191	0	0	3,191
Prepaid expenditures	600	0	0	600
Total Assets	\$10,386	\$156,950	\$0	\$167,336
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$8,086	\$5,014	\$0	\$13,100
Deferred revenue	2,300	0	0	2,300
Total Liabilities	10,386	5,014	0	15,400
Fund Balances				
Reserved for debt service	0	151,936	0	151,936
Total Fund Balances	0	151,936	0	151,936
Total Liabilities and Fund Balances	\$10,386	\$156,950	\$0	\$167,336

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

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

	Special Revenue Funds	Debt Retirement Funds		Total Nonmajor Governmental Funds
	Food Service	2005 Refunding School Bond	Durant	
Revenues				
Local sources	\$110,209	\$583,537	\$0	\$693,746
State sources	11,542	0	40,454	51,996
Federal sources	85,401	0	0	85,401
Total Revenues	207,152	583,537	40,454	831,143
Expenditures				
Food service	219,373	0	0	219,373
Debt service	0	596,040	40,454	636,494
Total Expenditures	219,373	596,040	40,454	855,867
Excess (Deficiency) of Revenues Over Expenditures	(12,221)	(12,503)	0	(24,724)
Other Financing Uses				
Operating transfer in	12,221	0	0	12,221
Net Change in Fund Balances	0	(12,503)	0	(12,503)
Fund Balances - Beginning of year	0	164,439	0	164,439
Fund Balances - End of year	<u>\$0</u>	<u>\$151,936</u>	<u>\$0</u>	<u>\$151,936</u>

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$98,722	\$108,920	\$109,274	\$354
Other	400	816	935	119
Total Local Sources	99,122	109,736	110,209	473
State Sources:				
Restricted grants	9,737	11,542	11,542	0
Federal Sources:				
Restricted grants	60,024	68,344	68,344	0
Commodities	8,000	10,000	17,057	7,057
Total Federal Sources	68,024	78,344	85,401	7,057
Total Revenues	176,883	199,622	207,152	7,530
Expenditures				
Purchases services	109,720	120,016	120,905	(889)
Supplies and materials	80,181	91,901	96,945	(5,044)
Other	1,460	1,530	1,523	7
Total Expenditures	191,361	213,447	219,373	(5,926)
Excess (Deficiency) of Revenue Over Expenditures	(14,478)	(13,825)	(12,221)	1,604
Other Financing Sources (Uses)				
Operating transfer in	14,478	13,825	12,221	(1,604)
Net Change in Fund Balances	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 LENAWEЕ, MICHIGAN**

*2005 Refunding School Bond Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2012*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$564,446	\$578,518	\$583,336	\$4,818
Investment income	400	200	201	1
Total Revenues	564,846	578,718	583,537	4,819
Expenditures				
Debt service:				
Principal	300,000	300,000	300,000	0
Interest and fiscal charges	295,594	295,594	295,594	0
Other	1,000	750	446	304
Total Expenditures	596,594	596,344	596,040	304
Net Change in Fund Balances	(31,748)	(17,626)	(12,503)	5,123
Fund Balance - Beginning of year	159,575	164,439	164,439	0
Fund Balance - End of year	<u>\$127,827</u>	<u>\$146,813</u>	<u>\$151,936</u>	<u>\$5,123</u>

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
State Sources:				
Durant settlement	\$40,454	\$40,454	\$40,454	\$0
Total Revenues	40,454	40,454	40,454	0
Expenditures				
Debt service:				
Principal	29,873	29,872	29,872	0
Interest	10,581	10,582	10,582	0
Total Expenditures	40,454	40,454	40,454	0
Net Change in Fund Balances	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 LENAWEE, MICHIGAN**

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

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Assets				
Cash	\$134,133	\$165,939	\$173,095	\$126,977
Liabilities				
Due to student groups	\$132,818	\$146,241	\$166,492	\$112,567
Due to general fund	1,315	19,676	6,603	14,388
Due to food service	0	22	0	22
Total liabilities	\$134,133	\$165,939	\$173,095	\$126,977

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

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

	Due to (From) Student Groups July 1, 2011	Receipts	Disbursements	Due to (From) Student Groups June 30, 2012
Due to School District:				
Athletic Officials	\$2,183	\$3,566	\$4,918	\$831
Elementary Claws	172	0	0	172
Elementary Activity	999	7,019	5,597	2,421
Employee Recognition	300	0	0	300
Families in Need Program	1,454	0	1,390	64
High School - Audio Visual	1,875	3,973	3,988	1,860
S.E. Work Experience	1	0	0	1
XYZ Club	1,653	444	330	1,767
Interest	(58)	0	(58)	0
Michigan Sales Tax	40	2,427	1,553	914
Kindergarten	116	461	562	15
First Grade	829	622	767	684
Second Grade	373	791	948	216
Third Grade	316	1,058	1,378	(4)
Fourth Grade	278	2,815	2,831	262
Fifth Grade	417	2,184	2,608	(7)
Sixth Grade	1,097	1,384	1,039	1,442
Graduated-carryover	4,898	0	0	4,898
Class of 2012	1,564	3,658	5,064	158
Class of 2013	1,057	7,488	7,061	1,484
Class of 2014	375	2,008	805	1,578
Class of 2015	0	1,916	635	1,281
Bobcat Archery	379	0	0	379
Varsity Baseball	300	4,822	4,266	856
Basketball - Boys	347	5,888	5,704	531
Cheerleaders	957	0	730	227
Cross Country	328	4,753	4,932	149
Varsity Football	9,005	10,383	16,573	2,815
Hubbard Concessions	1,711	11,000	10,845	1,866
High School Girls Track	90	2,118	2,129	79
Basketball-Girls	1,554	4,410	5,262	702
Volleyball	515	3,637	3,998	154
Cheerleaders-MS	17	0	0	17
Basketball-J.V. Boys	761	0	356	405
Binder Scholarship	2,524	0	500	2,024
Bischoff Scholarship	13,043	0	0	13,043
Lennard Scholarship	156	0	100	56
Seegert Scholarship	28,295	0	1,500	26,795
Van Hove Scholarship	1,565	0	0	1,565

**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, 2012*

	Due to (From) Student Groups July 1, 2011	Receipts Disbursements		Due to (From) Student Groups June 30, 2012
(Concluded)				
Whiteford Community Scholarship	\$40	\$1,150	\$3	\$1,187
WRC Scholarship	500	0	500	0
Liz Lykowski Scholarship	2,020	1,750	305	3,465
Class of '76 Scholarship	325	790	752	363
Elementary Art	572	233	271	534
MS/HS Art	88	388	385	91
Band	1	0	0	1
Building Trades	3,425	0	0	3,425
Elementary Camp	16,786	13,910	24,471	6,225
Challenge Day	3,983	1,100	4,605	478
Choir-All	83	0	0	83
Elementary Crafting For Literacy	1,174	0	406	768
Science Fair	396	63	0	459
Honor Society	236	0	0	236
Horticulture Club	269	0	0	269
Elementary Journalism	2,372	1,905	4,283	(6)
High School Journalism	392	11,161	7,516	4,037
Middle School Journalism	352	1,349	1,554	147
Elementary Library	1,012	3,608	3,066	1,554
High School Library	4,175	94	257	4,012
Life Management	426	359	448	337
Put-in-Bay	7,400	10,627	11,786	6,241
MS Red Ribbon week	168	1,349	1,437	80
MS Recycling	0	298	1	297
Solar Sprint	1,046	456	606	896
Spanish Club	200	0	115	85
Elementary Student Council	25	143	12	156
Student Council - High School	2,928	3,944	2,611	4,261
Student Council - Middle School	336	2,739	2,791	284
Legacy	602	0	0	602
Total Due to Student Groups	\$132,818	\$146,241	\$166,492	\$112,567

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

*Summary of 2011 Tax Levy
Year Ended June 30, 2012*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	18.00	\$44,454,365	\$800,179
General Fund operating - commercial	6.00	5,011,654	30,070
2005 Debt Retirement Fund	2.90	191,994,839	556,785
2005 Debt Retirement Fund - IFT	1.45	3,191,400	4,628
			<u>1,391,662</u>
Summerfield Township			
General Fund operating - non-homestead	18.00	269,781	4,856
2005 Debt Retirement Fund	2.90	1,811,671	5,254
			<u>10,110</u>
Riga Township			
General Fund operating - non-homestead	18.00	526,133	9,470
General Fund operating - commercial	6.00	43,100	259
2005 Debt Retirement Fund	2.90	7,045,982	20,433
			<u>30,162</u>
Total			<u><u>\$1,431,934</u></u>
Summary			
General Fund operating - non-homestead		45,250,279	\$814,505
General Fund operating - commercial		5,054,754	30,329
2005 Debt Retirement Fund		200,852,492	582,472
2005 Debt Retirement Fund - IFT		3,191,400	4,628
			<u><u>\$1,431,934</u></u>

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

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Technology enhancement millage	\$177,129	\$177,129	\$0
Total Revenues	177,129	177,129	0
Expenditures			
Salaries	39,993	40,365	(372)
Fringe benefits	22,246	20,227	2,019
Purchase services	22,452	21,018	1,434
Supplies	8,000	7,704	296
Capital outlay	166,150	163,064	3,086
Other	26,871	39,852	(12,981)
Total Expenditures	285,712	292,230	(6,518)
Net Change in Fund Balance	(108,583)	(115,101)	(6,518)
Restricted for Technology			
Enhancement - Beginning of Year	153,809	206,795	52,986
Restricted for Technology			
Enhancement - End of Year	\$45,226	\$91,694	\$46,468

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Admissions	\$33,900	\$32,984	\$33,092	\$108
Participation fees	30,600	33,520	33,518	(2)
Other	0	3,400	3,407	7
	<u>\$64,500</u>	<u>\$69,904</u>	<u>\$70,017</u>	<u>\$113</u>
Expenditures				
Pupil Transportation:				
Salaries	\$8,500	\$5,297	\$4,874	\$423
Employee benefits	2,923	1,865	1,627	238
Athletics:				
Salaries	86,326	87,958	88,289	(331)
Employee benefits	16,914	26,191	26,076	115
Purchased services	25,205	26,529	26,388	141
Supplies and materials	4,075	3,093	2,396	697
Capital outlay	0	4,405	4,405	0
Other	1,250	3,195	3,191	4
	<u>\$145,193</u>	<u>\$158,533</u>	<u>\$157,246</u>	<u>\$1,287</u>

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

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

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Passed Through State Department of Education:		
Title I	111530-1011	\$91,060
Title I	121530-1112	83,650
Title II Part A	110520-1011	43,814
Title II Part A	120520-1112	40,860
ARRA Title II Part D	114295-1011	1,075
		260,459
ARRA State fiscal stabilization fund	112525-1011	83,653
Education Jobs Fund	112545-1011	159,469
Education Jobs Fund	112545-1112	12,047
		171,516
		515,628
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	1,069
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
National School Lunch Program		
111960 All Lunches	10.555	41,840
121960 All Lunches	10.555	52,430
		94,270
111970 Breakfast	10.553	7,935
121970 Breakfast	10.553	8,913
		16,848
		111,118
U.S.D.A. Donated Commodities		
Entitlements	10.555	12,271
Bonus	10.555	4,786
		17,057
Total U.S. Department of Agriculture		128,175
Total Federal Financial Assistance		\$644,872

See accompanying notes to this schedule

Accrued (Deferred) Revenue July 1, 2011	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2012
\$8,922	\$54,197	\$4,328	\$13,250	\$0
0	0	60,135	60,135	0
3,570	7,008	0	3,570	0
0	0	16,647	12,800	3,847
73	1,075	0	73	0
<u>12,565</u>	<u>62,280</u>	<u>81,110</u>	<u>89,828</u>	<u>3,847</u>
41,646	83,653	0	41,646	0
38,745	79,735	79,734	118,479	0
0	0	12,047	12,047	0
<u>38,745</u>	<u>79,735</u>	<u>91,781</u>	<u>130,526</u>	<u>0</u>
<u>\$92,956</u>	<u>\$225,668</u>	172,891	<u>\$262,000</u>	<u>\$3,847</u>
<u>\$630</u>	<u>\$1,990</u>	1,069	<u>\$1,699</u>	<u>\$0</u>
\$0	\$35,615	6,225	\$6,225	\$0
0	0	52,430	52,430	0
0	35,615	58,655	58,655	0
0	7,159	776	776	0
0	0	8,913	8,913	0
0	7,159	9,689	9,689	0
0	42,774	68,344	68,344	0
0	0	12,271	12,271	0
0	0	4,786	4,786	0
0	0	17,057	17,057	0
0	42,774	85,401	85,401	0
		<u>\$259,361</u>		

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

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

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unqualified opinion on the financial statements of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan.
2. No significant deficiencies considered material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan were disclosed during the audit.
4. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
5. The amounts reported on the Grant Section Auditors Report reconcile with this schedule.