

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

ANNUAL FINANCIAL REPORT
June 30, 2015

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

*School Board Members
June 30, 2015*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Holly Bunge	President	12/31/2016
Rob Schnipke	Vice-President	12/31/2016
Karen Miller	Secretary	12/31/2016
Christine Bischoff	Treasurer	12/31/2018
Doug Bulmer	Trustee	12/31/2018
David Dixon	Trustee	12/31/2018
Tracy Malhoit	Trustee	12/31/2016

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

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June 30, 2015*

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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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2015, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and pension schedules on pages 6 through 13, 40 through 45, and 46 through 47, respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whiteford Agricultural School District’s basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2015, on our consideration of the Whiteford Agricultural School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whiteford Agricultural School District's internal control over financial reporting and compliance.



October 8, 2015



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 8, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



October 8, 2015

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

*Management's Discussion and Analysis
Year Ended June 30, 2015*

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, 2015. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects Fund.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Whiteford Schools financially as a whole. The ***District-Wide Financial Statements***, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the School District as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the School District's operations in more detail than the ***District-Wide Financial Statements*** by providing information about the School District's most significant funds - the General Fund and the 2015 Refunding School Bond Debt Retirement Fund with all other funds presented in one column as nonmajor funds. The remaining statement, the Statement of Fiduciary Net Position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The following summary illustrates how the various parts of this annual report are arranged:

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

Basic Financial Statements

District-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

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

Other Supplemental Information

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

*Management's Discussion and Analysis
Year Ended June 30, 2015*

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities (pages 14-15), which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Fund Financial Statements

The School District's Fund Financial Statements (pages 16-20) provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 17 and 19.

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

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

*Management's Discussion and Analysis
Year Ended June 30, 2015*

District–Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2015 and 2014.

Table 1

Comparative Statement of Net Position

	June 30, 2015	June 30, 2014
Current and other assets	\$2,601,897	\$2,473,594
Capital assets, net	6,642,529	6,631,473
Total Assets	9,244,426	9,105,067
Deferred Outflows of Resources	773,556	448,446
Current and other liabilities	1,306,650	1,433,848
Long-term liabilities	12,295,972	13,963,557
Total Liabilities	13,602,622	15,397,405
Deferred Inflows of Resources	1,265,092	(121,745)
Net Position		
Investment in capital assets	950,078	628,218
Restricted for technology enhancement	51,229	22,733
Restricted for debt service	129,110	122,892
Restricted for capital outlay	174,287	211,050
Unrestricted	(6,154,436)	(6,707,040)
Total Net Position	(\$4,849,732)	(\$5,722,147)

As depicted in Table 1, the School District's net position was a deficit of \$4,849,732 at June 30, 2015. Of this amount, a negative \$6,154,436 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability will have a significant impact on the change in unrestricted net position from year to year.

During the 2014-15 year, the district implemented Governmental Accounting Standard Board Statement Number 68, Accounting and Financial Reporting for Pensions. As a result, amounts for June 30, 2014 in Tables 1 and 2 were restated. Refer to Note 19 for more information.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2015 and 2014.

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

*Management's Discussion and Analysis
Year Ended June 30, 2015*

District–Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Position

	June 30, 2015	June 30, 2014
Revenues		
Program revenues:		
Charges for services	\$195,547	\$210,334
State grants and other revenue	666,507	559,740
Federal grants	126,840	146,354
	988,894	916,428
General revenues:		
Property taxes	1,783,189	1,786,689
State foundation allowance	4,071,681	3,951,999
Other general revenues	72,868	51,862
	5,927,738	5,790,550
Total Revenues	6,916,632	6,706,978
 Functions/Program Expenses		
Instruction	3,227,717	8,606,394
Support services	2,086,931	4,359,853
Food service	177,863	256,975
Interest on long-term debt	352,175	284,691
Depreciation	199,531	208,102
Total Expenses	6,044,217	13,716,015
Increase (Decrease) in Net Position	\$872,415	(\$7,009,037)

As indicated in Table 2, the cost of *all governmental* activities this year was \$6,044,217. Of this amount, \$988,894 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net position this year of \$872,415. Revenues increased by \$209,654; there was a decrease of total expenses of \$7,671,798. A reconciliation of the change in fund balances to the change in net position appears on page 19.

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

*Management's Discussion and Analysis
Year Ended June 30, 2015*

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 \$1,684,799, which is an increase of \$238,454 from last year. The changes by major and nonmajor funds are as follows:

	General Fund	Debt Retirement Fund	Nonmajor Funds	Total
Fund balances- beginning of year	\$1,070,804	\$164,491	\$211,050	\$1,446,345
Increase (decrease)	<u>266,046</u>	<u>9,171</u>	<u>(36,763)</u>	<u>238,454</u>
Fund balances- End of year	<u><u>\$1,336,850</u></u>	<u><u>\$173,662</u></u>	<u><u>\$174,287</u></u>	<u><u>\$1,684,799</u></u>

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

	June 30, 2015	June 30, 2014	Percent Change
Revenues			
Local sources	\$861,116	\$878,504	(2.0)%
State sources	4,592,992	4,365,006	5.2%
Federal sources	61,531	79,817	(22.9)%
Interdistrict and other sources	<u>355,364</u>	<u>372,815</u>	(4.7)%
	<u><u>\$5,871,003</u></u>	<u><u>\$5,696,142</u></u>	3.1%

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

*Management's Discussion and Analysis
Year Ended June 30, 2015*

Fund Financial Analysis – Concluded

Expenditures	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percent Change</u>
Instruction	\$3,449,678	\$3,299,152	4.6%
Support services	1,998,466	1,989,617	0.4%
Athletics	151,255	148,474	1.9%
Operating transfers out	<u>5,558</u>	<u>2,245</u>	147.6%
	<u><u>\$5,604,957</u></u>	<u><u>\$5,439,488</u></u>	3.0%

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 \$5,382,035 versus the final budget of \$5,948,633, an increase of \$566,598. Major components of the original budget for revenues versus final projections are discussed below:

- Decrease of \$6,167 for property taxes
- Increase of \$223,608 in the foundation allowance due to adjustments to pupil count and foundation. Budgeted FTE's were 647.29 and actual FTE's were 680.95; budgeted foundation was \$7,138/pupil and actual was \$7,126/pupil.
- Increase of \$85,116 for the foundation equity payment which was paid at \$125/student
- Adjustment of \$18,005 for an increase in Title I & II allocation and prior year carryover
- Adjustment of \$48,566 for an increase in At Risk allocation and At Risk carryover
- An increase of \$12,439 for Technology Millage funds
- An increase of \$11,317 for Technology Readiness Infrastructure Grant funds
- Increase of \$138,030 for MPSERS revenues (147a \$38,862, 147c \$85,042 and 147d \$6,927)
- Increase of \$10,070 for athletic admission and \$6,200 for pay to participate fees
- Increase of \$3,951 for sale of two school buses

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

*Management's Discussion and Analysis
Year Ended June 30, 2015*

Beginning Budget versus Ending Budget (Concluded)

Expenditures – The original budget for expenditures was \$5,560,286 compared to the final budget of \$5,766,084; an increase of \$205,798. Major components of the original budget for expenditures versus final projections are discussed below:

- Increase of \$101,639 due to the net effect of changes to salaries and benefits for instructional staff resulting from personnel changes and MPSERS UAAL distribution reallocations
- Increase to expenditure budgets of \$66,571 for At Risk and Title I & I allocation and carryover adjustments
- Increase to budget of \$22,952 for special education LRE paraprofessionals
- Increase to budget of \$19,065 for changes to salary and benefits for staffing of vocational ed program
- Adjust for decrease in budget of \$40,168 for Business Services due to the reduction in interest rate for the state aid note and to correct an account classification error
- Adjust for increase in Operations and Maintenance budget of \$25,370 due to the net effect of the following: an increase of \$5,296 to repair heating pipes in middle/high school, an increase of \$4,234 to repair football light poles and relamp, an increase of \$1,576 to add a receptacle for a bus block heater, an increase of \$10,381 for partial completion of painting the middle/high school classrooms, a decrease of \$5,280 for natural gas, an increase of \$4,659 to replace doors and locks in middle school teachers lounge and gym storage, an increase of \$2,600 for repairs to elementary air conditioner, increase of \$2,100 for snow plowing, increase of \$4,500 for miscellaneous paper and maintenance supplies
- Increase of \$5,500 for Staff Personnel Services for hiring of search firm for Superintendent vacancy
- Increase of \$9,307 for the transfer to the Food Service Fund

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$5,871,003 versus a budget of \$5,948,633; a difference of \$77,630.

- Prior year foundation adjustment of \$9,694 assessed last August not included in budget
- The fiscal year 2015 At Risk revenue was budgeted in full at \$52,690; \$309 was utilized leaving carryover of \$52,381
- Total allocation for the current year Title IIA revenue was budgeted at \$28,406, but only \$14,387 was recognized; a difference of \$14,019

Expenditures – Final budget for expenditures was \$5,766,084 compared to actual expenditures of \$5,604,956, a difference of \$161,128. This difference is mainly attributed to the following:

- Retirement benefits were \$13,232 less than budgeted
- At Risk and Title II grant funds of \$66,110 were budgeted and were not spent; will become carryover for FY 16
- Expenditures related to Operations and Maintenance both salaries and benefits as well as misc. supplies were approximately \$26,800 less than budgeted
- Transportation expense for regular transportation as well as special education were approximately \$22,764 less than budgeted
- The actual transfer to the Food Service Fund was \$5,350 less than budgeted

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

*Management's Discussion and Analysis
Year Ended June 30, 2015*

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the School District had \$11,099,032 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, machinery and equipment. This amount includes additions of \$218,427 in capital assets. This year's additions consisted of construction in progress and window and door replacements. Deletions of \$97,376 were for buses. Depreciation for this year totaled \$199,531. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2015, the School District had \$5,230,000 in outstanding bonds. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations of \$150,561 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 2015-16 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2015-16 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 method for determining the blended count has changed effective in fiscal 2015. The blended count for the 2015 fiscal year is 90 percent of the October student count and 10 percent of the current fiscal year's February's count. The District projected a blended pupil count of 661.45 students which is approximately 19 FTE's less than the previous year's actual figure. Approximately 84% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included \$125/student for a foundation equity payment and \$140/pupil to reflect an increase to the new minimum foundation of \$7,391/pupil.

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

The budget for the 2015-16 fiscal year was adopted on June 22, 2015. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

Contacting Whiteford Schools Business Office

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

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

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

*Statement of Net Position
June 30, 2015*

	Governmental Activities
Assets	
Cash and cash equivalents	\$1,744,862
Accounts/taxes receivable	175
Due from student groups	3,818
Due from other governmental units	842,432
Deposit	5,050
Inventories	2,903
Prepaid expenses	2,657
Capital assets, net	6,642,529
Total Assets	9,244,426
Deferred Outflows of Resources	
Deferred amount of pension expense	773,556
Liabilities	
Accounts payable	174,428
Salaries payable	309,195
Other liabilities	186,941
Accrued interest payable	44,552
State aid note payable	125,000
Due to other governmental units	64,605
Unearned revenue	56,929
Long-term liabilities:	
Net pension liability	7,260,411
Due within one year	345,000
Due in more than one year	5,035,561
Total Liabilities	13,602,622
Deferred Inflows of Resources	
Deferred amount of net pension liability	802,641
Unamortized premium/unamortized advanced amount on refunding	462,451
Total Deferred Inflows of Resources	1,265,092
Net Position	
Net investment in capital assets	950,078
Restricted for technology enhancement	51,229
Restricted for debt service	129,110
Restricted for capital outlay	174,287
Unrestricted	(6,154,436)
Total Net Position	(\$4,849,732)

See accompanying notes to the basic financial statements

FUND FINANCIAL STATEMENTS

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

*Governmental Funds
Balance Sheet
June 30, 2015*

	General	Debt Retirement Fund 2015 Refunding School Bond	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$1,365,430	\$173,661	\$205,771	\$1,744,862
Accounts/taxes receivable	175	0	0	175
Due from student groups	3,581	0	237	3,818
Due from other governmental units	841,150	0	1,282	842,432
Due from other funds	3,258	1	4,608	7,867
Deposit	5,050	0	0	5,050
Inventory	0	0	2,903	2,903
Prepaid expenditures	2,053	0	604	2,657
Total Assets	\$2,220,697	\$173,662	\$215,405	\$2,609,764
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$139,699	\$0	\$34,729	\$174,428
Salaries payable	309,195	0	0	309,195
Other liabilities	186,941	0	0	186,941
State aid note payable	125,000	0	0	125,000
Unearned revenue	53,799	0	3,130	56,929
Due to other governmental units	64,605	0	0	64,605
Due to other funds	4,608	0	3,259	7,867
Total Liabilities	883,847	0	41,118	924,965
Fund Balances				
Nonspendable:				
Prepaid expenditures	2,053	0	0	2,053
Restricted for:				
Technology enhancement	51,229	0	0	51,229
2015 School bond debt retirement	0	173,662	0	173,662
Capital outlay	0	0	174,287	174,287
Unassigned	1,283,568	0	0	1,283,568
Total Fund Balances	1,336,850	173,662	174,287	1,684,799
Total Liabilities and Fund Balances	\$2,220,697	\$173,662	\$215,405	\$2,609,764

See accompanying notes to the basic financial statements

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

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Year Ended June 30, 2015*

Total Fund Balances - Governmental Funds		\$1,684,799
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$11,099,032	
Accumulated depreciation	<u>(4,456,503)</u>	
		6,642,529
Deferred outflows of resources from subsequent pension expense from measurement date		773,556
Deferred inflows of resources resulting from net pension liability		(802,641)
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:		
Net pension liability	(7,260,411)	
Bonds payable	(5,230,000)	
Compensated absences	(150,561)	
Accrued interest	(44,552)	
Premium amortized over the life of the bonds	(597,538)	
Advanced amount on refunding amortized over the life of the bonds	<u>135,087</u>	
		<u>(13,147,975)</u>
Total Net Position - Governmental Activities		<u><u>(\$4,849,732)</u></u>

See accompanying notes to the basic financial statements

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

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015*

	General	Debt Retirement Fund 2015 Refunding School Bond	Other Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$861,116	\$626,753	\$302,611	\$1,790,480
State sources	4,592,992	0	8,512	4,601,504
Federal sources	61,531	0	65,309	126,840
Interdistrict and other sources	355,364	0	0	355,364
Total Revenues	5,871,003	626,753	376,432	6,874,188
Expenditures				
Instruction	3,449,678	0	0	3,449,678
Support services	1,998,466	0	180,871	2,179,337
Capital outlay	0	0	237,882	237,882
Debt service	0	6,464,627	0	6,464,627
Athletics	151,255	0	0	151,255
Total Expenditures	5,599,399	6,464,627	418,753	12,482,779
Excess (Deficiency) of Revenues Over Expenditures	271,604	(5,837,874)	(42,321)	(5,608,591)
Other Financing Sources (Uses)				
General obligation refunding bonds issued	0	5,847,045	0	5,847,045
Operating transfers in	0	0	5,558	5,558
Operating transfers out	(5,558)	0	0	(5,558)
Total Other Financing Sources (Uses)	(5,558)	5,847,045	5,558	5,847,045
Net Change in Fund Balances	266,046	9,171	(36,763)	238,454
Fund Balances - Beginning of year	1,070,804	164,491	211,050	1,446,345
Fund Balances - End of year	<u>\$1,336,850</u>	<u>\$173,662</u>	<u>\$174,287</u>	<u>\$1,684,799</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, 2015*

Total Net Change in Fund Balances - Governmental Funds	\$238,454
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>	
Depreciation expense	(\$199,531)
Capital outlay	<u>210,587</u>
	11,056
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position</p>	
	6,125,000
<p>The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>	
Net change in pension liability	778,350
Net change in the deferred inflow of resources related to the net pension liability	(802,641)
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	325,110
<p>Bond issuance proceeds provide an other financing source in the governmental funds, but issuing debt increases long-term liabilities in the statement of net position</p>	
	(5,847,045)
<p>Governmental funds report the advanced amount on refunding, and the bond premium when debt is first issued, but these costs increase long-term liabilities in the statement of net position and these amounts are amortized over the life of the bonds</p>	
	32,849
<p>Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid</p>	
	(2,953)
<p>Increases in the liability for compensated absences are reported as expenditures in the statement of activities, but not in the governmental funds</p>	
	<u>14,235</u>
Change in Net Position of Governmental Activities	<u><u>\$872,415</u></u>

See accompanying notes to the basic financial statements

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

*Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2015*

	<u>Agency Fund</u>
	<u>Student Activities</u>
Assets	
Cash and certificates of deposit	<u>\$116,222</u>
Liabilities	
Due to student groups	\$112,404
Due to general fund	3,581
Due to food service	<u>237</u>
Total Liabilities	<u>\$116,222</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, 2015*

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, sinking, and student related activities of the School District.

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

Note 2 Summary of Significant Accounting Policies

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

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2015*

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 2015 Refunding School Bond Debt Retirement Fund, and the Sinking Capital Projects 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 LENAWEЕ, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 2 Summary of Significant Accounting Policies (Continued)

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

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

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, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 2 Summary of Significant Accounting Policies (Continued)

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

Description	Estimated Lives
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 position.

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

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

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

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

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

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

Unavailable/Unearned Revenue

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

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 2 Summary of Significant Accounting Policies (Continued)

- C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Concluded)
Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

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

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

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

- 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 2015.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 2 Summary of Significant Accounting Policies

F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

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

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

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

G. Restricted Assets - The cash and investments for technology enhancement, debt service, and capital outlay are restricted for specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent cash that can only be used for which the revenue was received.

H. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2015 through October 8, 2015, 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, 2015, the School District incurred expenditures in a budgetary function which was in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted.

Note 4 Deposits and Investments

As of June 30, 2015, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Huntington Bank, Flagstar, and JP Morgan Chase Bank.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 4

Deposits and Investments (Concluded)

- 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 \$1,893,450 invested in checking accounts and money market accounts. The School District's deposits are insured by the FDIC in the amount of \$1,066,230. Uninsured deposits are \$827,220.
- 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.
- 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 LENAWEЕ, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Construction in progress	7,840	37,750	7,840	37,750
	<u>29,753</u>	<u>37,750</u>	<u>7,840</u>	<u>59,663</u>
Capital assets being depreciated:				
Land improvements	416,181	0	0	416,181
Buildings and building improvements	9,855,782	180,677	0	10,036,459
Machinery and equipment	274,013	0	0	274,013
Vehicles	410,092	0	97,376	312,716
	<u>10,956,068</u>	<u>180,677</u>	<u>97,376</u>	<u>11,039,369</u>
Total capital assets	10,985,821	218,427	105,216	11,099,032
Less Accumulated Depreciation:				
Land improvements	(233,381)	(20,265)	0	(253,646)
Buildings and building improvements	(3,589,133)	(161,914)	0	(3,751,047)
Machinery and equipment	(139,870)	(8,329)	0	(148,199)
Vehicles	(391,964)	(9,023)	(97,376)	(303,611)
	<u>(4,354,348)</u>	<u>(199,531)</u>	<u>(97,376)</u>	<u>(4,456,503)</u>
Total accumulated depreciation	(4,354,348)	(199,531)	(97,376)	(4,456,503)
Net capital assets	<u>\$6,631,473</u>	<u>\$18,896</u>	<u>\$7,840</u>	<u>\$6,642,529</u>

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

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 6 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2015, consisted of the following individual fund receivables and payables:

Due From	Due To			Totals
	General Fund	Debt Fund	Sinking Fund	
General Fund	\$0	\$0	\$4,608	\$4,608
Food Service Fund	3,258	0	0	3,258
Sinking Fund	0	1	0	1
	\$3,258	\$1	\$4,608	\$7,867

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

Interfund transfers at June 30, 2015, consisted of the following:

Transfer In:	Transfer Out:
Food Service Fund	General Fund
	\$5,558

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

Note 7 Defined Benefit Pension Plans and Postemployment Benefits

Plan Description - The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools-/0,1607,7-206-36585-,00.html>.

Benefits Provided - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 7

Defined Benefit Pension Plans and Postemployment Benefits (Continued)

Pension Reform 2010 - On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012 - On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus (PPP) members, age 60 with 10 years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus - An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 - Credited Service after the Transition Date times 1.5% times FAC.

Option 2 - Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC. Option 4 - None (Member will receive benefit through a Defined Contribution plan).

Final Average Compensation - Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

Member Contributions - The majority of the members currently participate on a contributory basis, under a variety of options "Benefits Provided." School districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

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

Employer Contributions - Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

The District's pension contributions for the year ended June 30, 2015 were equal to the required contribution total. Pension contributions were approximately \$964,921, with \$750,305 specifically for the Defined Benefit Plan. These amounts include Section 147 contributions also.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities - At June 30, 2015, the District reported a liability of \$7,260,411 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2013 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2014, the District's proportion was 0.03296 percent.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2015, the District recognized pension expense of \$588,114. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes of assumptions	\$267,894	\$0
Net differences between projected and actual plan investments earnings	0	(802,641)
School district's contributions subsequent to the measurement date	505,662	0
	<u>\$773,556</u>	<u>(\$802,641)</u>

Deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date were \$505,662, and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

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

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

<u>Year ended June 30,</u>	<u>Amount</u>
2015	(\$131,000)
2016	(131,000)
2017	(131,000)
2018	(141,747)

Actuarial Assumptions - Investment rate of return - 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation - 2.5%

Mortality assumptions - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Female Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. The final rates used include no margin for future mortality improvement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2014. An assumption experience study is performed every five years. The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2008 to September 30, 2013. As a result of this actuarial experience study, the actuarial assumptions were adjusted to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments - The rate was 8% (7% Pension Plus Plan) net of investment and administrative expenses was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

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

Experience study (Concluded)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.00%	4.80%
Alternate Investment Pools	18.00%	8.50%
International Equity	16.00%	6.10%
Fixed Income Pools	10.50%	1.50%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	15.50%	6.30%
Short Term Investment Pools	2.00%	(0.2)%
	100.00%	

* Long term rate of return does not include 2.50% inflation.

Discount rate - The discount rate used to measure the total pension liability was 8% (7% for Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1% Lower (7.0%)	Discount Rate (8.0%)	1% Higher (9.0%)
School District's proportionate share of the net pension liability	\$9,572,220	\$7,260,411	\$5,312,678

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2014 Comprehensive Annual Financial Report, available here: <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

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

Introduction

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

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

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

Employer Contributions - The District postemployment healthcare contributions to MPSERS for the year ended June 30, 2015 were approximately \$98,000.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

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, 2015.

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, 2015, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
State aid anticipation note	\$276,429	\$625,000	\$776,429	\$125,000

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:

	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Due in One Year
2005 Refunding Bonds	\$6,125,000	\$0	\$6,125,000	\$0	\$0
2015 Refunding Bonds	0	5,230,000	0	5,230,000	345,000
Compensated absences payable	164,796	0	14,235	150,561	0
	\$6,289,796	\$5,230,000	\$6,139,235	\$5,380,561	\$345,000

On March 11, 2015, the School issued \$5,230,000 in general obligation bonds with an interest rate of 4 percent to advance refund \$5,760,000 of outstanding 2005 Series bonds with an average interest rate of 4.14 percent. The net proceeds of \$5,757,949 (after payment of \$89,097 in underwriting fees, insurance, and other issuance costs) plus an additional \$119,548 of 2005 Bond Debt Fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Series bonds. As a result, the 2005 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 10 Long-Term Debt (Continued)

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

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

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

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

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

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

Fiscal Year	Interest Requirements		Bond	Total
	November 1	May 1	Maturities May 1	
2016	\$133,655	\$104,600	\$345,000	\$583,255
2017	97,700	97,700	360,000	555,400
2018	90,500	90,500	375,000	556,000
2019	83,000	83,000	390,000	556,000
2020	75,200	75,200	405,000	555,400
2021	67,100	67,100	425,000	559,200
2022	58,600	58,600	440,000	557,200
2023	49,800	49,800	460,000	559,600
2024	40,600	40,600	480,000	561,200
2025	31,000	31,000	495,000	557,000
2026	21,100	21,100	515,000	557,200
2027	10,800	10,800	540,000	561,600
	\$759,055	\$730,000	\$5,230,000	\$6,719,055

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

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 10 Long-Term Debt (Concluded)

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>
2016	\$238,255	\$345,000	\$617,094
2017	195,400	360,000	614,594
2018	181,000	375,000	614,994
2019	166,000	390,000	619,794
2020	150,400	405,000	618,794
2021-2025	494,200	2,300,000	3,091,570
2026-2027	63,800	1,055,000	2,469,010
	<u>\$1,489,055</u>	<u>\$5,230,000</u>	<u>\$8,645,850</u>

Note 11 Lease Commitments - Operating Leases

The School District has, as of June 30, 2015, contractual agreements specifying the following annual lease payment obligations:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$45,292
2017	9,790
2018	9,790
	<u>\$64,872</u>

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 2014 property taxes were levied on December 1, 2014 on assessed valuations as of December 31, 2013. Taxes were collected beginning December 1, 2014 and payments were due by February 14, 2015. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2014 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$41,623,595	18.00	\$749,224
Commercial	5,842,239	6.00	35,054
2005 Debt Retirement Fund:			
Regular	200,061,519	3.10	620,191
IFT	2,125,713	1.55	3,295
Sinking Fund:			
Regular	200,061,519	1.00	200,062
IFT	2,125,713	0.50	<u>1,063</u>
Total			<u>\$1,608,889</u>

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

*Notes to Financial Statements
Year Ended June 30, 2015*

- 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, 2015, the School District did not incur any claims.
- Note 14 Cafeteria Contract
During the fiscal year ended June 30, 2015, the School District contracted with The Nutrition Group to cover all cafeterias within the School District. Pursuant to this agreement, The Nutrition Group manages the food service operations of the School District. All costs of The Nutrition Group have been reflected in the financial statements of the Food Service Fund.
- 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, 2015.
- B. Litigation
There are currently no matters in litigation with the School District as defendant.
- Note 16 Risk Management and Insurance Pool
The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims, self-funds worker's compensation claims subject to stop loss insurance, and participates in the SET-SEG risk pool for general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.
- The SET-SEG shared risk pool program in which the School District participates operates as a common risk sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.
- Note 17 Governmental Regulation
Substantially all of the School District's facilities are subject to federal, state, and local provisions regulating the discharge of material into the environment. Compliance with these provisions has not had, nor does the School District expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.
- Note 18 Sinking Fund
The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

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

*Notes to Financial Statements
Year Ended June 30, 2015*

Note 19 New Accounting Standard

For the year ended June 30, 2015 the District implemented the following new pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary:

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is as follows:

	Governmental Activities
Net position as previously stated July 1, 2014	\$1,868,168
Adoption of GASB 68 and 71	
Net pension liability	(8,038,761)
Deferred outflows	448,446
Net position as restated July 1, 2014	(\$5,722,147)

Note 20 Upcoming Accounting Pronouncement

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$846,545	\$861,744	\$861,116	(\$628)
State sources	4,143,364	4,656,283	4,592,992	(63,291)
Federal sources	56,339	75,244	61,531	(13,713)
Interdistrict and other sources	335,787	355,362	355,364	2
Total Revenues	5,382,035	5,948,633	5,871,003	(77,630)
Expenditures				
Instruction:				
Basic programs	3,018,159	3,119,798	3,102,089	17,709
Added needs	301,465	412,855	347,589	65,266
Support services:				
Pupil	277,594	263,334	263,328	6
Instructional staff	137,920	114,655	118,997	(4,342)
General administration	255,438	261,945	260,118	1,827
School administration	402,210	410,614	398,346	12,268
Business administration	135,308	95,143	86,586	8,557
Operation and maintenance	485,639	511,009	482,702	28,307
Pupil transportation	339,985	339,934	316,345	23,589
Central services	59,098	73,580	72,044	1,536
Athletics	145,868	152,308	151,255	1,053
Total Expenditures	5,558,684	5,755,175	5,599,399	155,776
Excess (Deficiency) of Revenues Over Expenditures	(176,649)	193,458	271,604	78,146
Other Financing Uses				
Operating transfer out	(1,602)	(10,909)	(5,558)	5,351
Net Change in Fund Balances	(178,251)	182,549	266,046	83,497
Fund Balances - Beginning of year	979,313	1,070,804	1,070,804	0
Fund Balances - End of year	\$801,062	\$1,253,353	\$1,336,850	\$83,497

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

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2015*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Local Sources			
Property taxes	\$784,278	\$783,123	(\$1,155)
Investment income	1,750	1,896	146
Contributions	750	980	230
Athletics	69,816	69,881	65
Other revenue	5,150	5,236	86
Total Local Sources	861,744	861,116	(628)
State Sources			
Unrestricted grants:			
Proposal A obligation	2,775,910	2,765,471	(10,439)
Discretionary payment	1,191,952	1,192,002	50
Foundation equity payment	85,116	85,114	(2)
Best practices	29,095	29,094	(1)
Restricted grants:			
Special education-Headlee obligation	150,717	150,587	(130)
At risk	102,686	50,305	(52,381)
MPSERS rate offset	283,838	283,451	(387)
Other state grants	25,164	25,163	(1)
Transfer from intermediate school district:			
Vocational education	11,805	11,805	0
Total State Sources	4,656,283	4,592,992	(63,291)
Federal Sources			
Title I	42,587	42,587	0
Title IIA	30,507	16,488	(14,019)
Medicaid outreach grant	2,150	2,456	306
Total Federal Sources	75,244	61,531	(13,713)
Interdistrict and Other Sources			
Transfer from intermediate school district:			
Section 74 transportation	3,814	3,814	0
County special education tax	132,870	132,870	0
Technology enhancement millage	172,439	172,440	1
Cooperative program	28,332	28,332	0
Insurance reimbursements	13,956	13,956	0
Sale of capital assets	3,951	3,952	1
Total Interdistrict and Other Sources	355,362	355,364	2
Total Revenues	\$5,948,633	\$5,871,003	(\$77,630)

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$703,042	\$481,690	\$26,576
Middle School	382,614	263,557	5,359
High School	649,857	438,751	28,183
Summer School	3,815	1,664	750
	<u>1,739,328</u>	<u>1,185,662</u>	<u>60,868</u>
Added Needs:			
Special education	141,132	78,313	5,205
Compensatory education	45,204	20,859	0
Vocational education	26,679	20,769	652
	<u>213,015</u>	<u>119,941</u>	<u>5,857</u>
Total Instruction	1,952,343	1,305,603	66,725
Support Services			
Pupil:			
Guidance	86,311	48,714	0
Health	0	0	657
Speech	63,947	44,789	0
Social work services	0	0	0
Other pupil services	7,975	3,304	3,434
	<u>158,233</u>	<u>96,807</u>	<u>4,091</u>
Instructional Staff:			
Improvement of instruction	1,377	577	9,281
Library	19,227	8,077	1,398
Technology assisted	24,085	14,602	7,745
	<u>44,689</u>	<u>23,256</u>	<u>18,424</u>
General Administration:			
Board of Education	2,760	211	28,936
Executive administration	142,571	78,326	2,618
	<u>145,331</u>	<u>78,537</u>	<u>31,554</u>
School Administration:			
Office of the principal	234,057	157,776	1,722
Other school administration	0	0	0
	<u>234,057</u>	<u>157,776</u>	<u>1,722</u>
Business Administration:			
Fiscal services	6,648	2,677	57
Internal services	0	0	203
Other business services	0	0	4,122
	<u>6,648</u>	<u>2,677</u>	<u>4,382</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$19,910	\$10,835	\$0	\$1,242,053	\$1,243,001	\$948
4,685	4,916	455	661,586	661,103	(483)
17,282	156	57,992	1,192,221	1,209,417	17,196
0	0	0	6,229	6,277	48
41,877	15,907	58,447	3,102,089	3,119,798	17,709
1,272	0	0	225,922	226,305	383
177	0	0	66,240	128,609	62,369
7,327	0	0	55,427	57,941	2,514
8,776	0	0	347,589	412,855	65,266
50,653	15,907	58,447	3,449,678	3,532,653	82,975
623	0	0	135,648	136,401	753
234	0	0	891	384	(507)
281	0	0	109,017	108,791	(226)
0	0	3,059	3,059	3,060	1
0	0	0	14,713	14,698	(15)
1,138	0	3,059	263,328	263,334	6
0	0	0	11,235	14,418	3,183
1,296	0	0	29,998	32,126	2,128
376	9,975	20,981	77,764	68,111	(9,653)
1,672	9,975	20,981	118,997	114,655	(4,342)
156	0	2,962	35,025	34,900	(125)
1,028	0	550	225,093	227,045	1,952
1,184	0	3,512	260,118	261,945	1,827
2,748	225	885	397,413	409,144	11,731
933	0	0	933	1,470	537
3,681	225	885	398,346	410,614	12,268
634	0	68,622	78,638	85,718	7,080
0	0	0	203	203	0
0	0	3,623	7,745	9,222	1,477
634	0	72,245	86,586	95,143	8,557

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
(Concluded)			
Support Services			
Operation and maintenance	\$55,205	\$36,669	\$265,491
Pupil transportation	130,803	61,912	52,221
Central Services:			
Communication services	0	0	2,708
Staff services	1,500	502	19,454
Technology	0	0	1,445
	<u>1,500</u>	<u>502</u>	<u>23,607</u>
Athletics	<u>83,315</u>	<u>33,959</u>	<u>26,927</u>
Total Support Services	<u>859,781</u>	<u>492,095</u>	<u>428,419</u>
Total Expenditures	2,812,124	1,797,698	495,144
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>\$2,812,124</u>	<u>\$1,797,698</u>	<u>\$495,144</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>
\$122,054	\$1,808	\$1,475	\$482,702	\$511,009	\$28,307
54,898	1,749	14,762	316,345	339,934	23,589
447	0	0	3,155	3,096	(59)
443	425	0	22,324	26,344	4,020
2,438	215	42,467	46,565	44,140	(2,425)
<u>3,328</u>	<u>640</u>	<u>42,467</u>	<u>72,044</u>	<u>73,580</u>	<u>1,536</u>
<u>3,826</u>	<u>0</u>	<u>3,228</u>	<u>151,255</u>	<u>152,308</u>	<u>1,053</u>
<u>192,415</u>	<u>14,397</u>	<u>162,614</u>	<u>2,149,721</u>	<u>2,222,522</u>	<u>72,801</u>
243,068	30,304	221,061	5,599,399	5,755,175	155,776
<u>0</u>	<u>0</u>	<u>5,558</u>	<u>5,558</u>	<u>10,909</u>	<u>5,351</u>
<u>0</u>	<u>0</u>	<u>5,558</u>	<u>5,558</u>	<u>10,909</u>	<u>5,351</u>
<u>\$243,068</u>	<u>\$30,304</u>	<u>\$226,619</u>	<u>\$5,604,957</u>	<u>\$5,766,084</u>	<u>\$161,127</u>

WHITEFORD AGRICULTURAL SCHOOLS

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

	<u>2014</u>
A. School District's proportion of net pension liability (%)	0.03296%
B. School District's proportion proportionate share of net pension liability	\$7,260,411
C. School District's covered-employee payroll	\$2,812,081
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	38.73%
E. Plan fiduciary net position as a percentage of total pension liability	66.20%

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

WHITEFORD AGRICULTURAL SCHOOLS

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

	<u>2015</u>
A. Statutorily required contributions	\$964,921
B. Contributions in relation to statutorily required contributions*	<u>\$964,921</u>
C. Contribution deficiency (excess)	<u>\$0</u>
D. School District's covered-employee payroll	\$2,792,810
E. Contributions as a percentage of covered-employee payroll	34.55%

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

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

OTHER SUPPLEMENTAL INFORMATION

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$627,801	\$620,186	\$626,553	\$6,367
Investment income	0	185	200	15
Total Revenues	627,801	620,371	626,753	6,382
Expenditures				
Debt service:				
Principal	365,000	6,125,000	6,125,000	0
Interest and fiscal charges	249,594	249,594	249,594	0
Other	850	90,010	90,033	(23)
Total Expenditures	615,444	6,464,604	6,464,627	(23)
Excess (Deficiency) of Revenue Over Expenditures	12,357	(5,844,233)	(5,837,874)	6,359
Other Financing Sources (Uses)				
General obligation refunding bonds issued	0	5,847,045	5,847,045	0
Net Change in Fund Balances	12,357	2,812	9,171	6,359
Fund Balance - Beginning of year	155,434	164,491	164,491	0
Fund Balance - End of year	\$167,791	\$167,303	\$173,662	\$6,359

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

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015*

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Sinking	
Assets			
Cash and cash equivalents	\$2,341	\$203,430	\$205,771
Due from other governmental units	1,282	0	1,282
Due from student groups	237	0	237
Due from other funds	0	4,608	4,608
Inventory	2,903	0	2,903
Prepaid expenditures	604	0	604
	<u>\$7,367</u>	<u>\$208,038</u>	<u>\$215,405</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$979	\$33,750	\$34,729
Unearned revenue	3,130	0	3,130
Due to other funds	3,258	1	3,259
	<u>7,367</u>	<u>33,751</u>	<u>41,118</u>
Fund Balances			
Restricted for debt service	0	0	0
Restricted for capital outlay	0	174,287	174,287
	<u>0</u>	<u>174,287</u>	<u>174,287</u>
Total Liabilities and Fund Balances	<u>\$7,367</u>	<u>\$208,038</u>	<u>\$215,405</u>

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

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015*

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Sinking	
Revenues			
Local sources	\$101,492	\$201,119	\$302,611
State sources	8,512	0	8,512
Federal sources	65,309	0	65,309
Total Revenues	175,313	201,119	376,432
Expenditures			
Food service	180,871	0	180,871
Capital outlay	0	237,882	237,882
Debt service	0	0	0
Total Expenditures	180,871	237,882	418,753
Excess (Deficiency) of Revenues Over Expenditures	(5,558)	(36,763)	(42,321)
Other Financing Sources (Uses)			
General obligation refunding bonds issued	0	0	0
Operating transfer in	5,558	0	5,558
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	0	(36,763)	(36,763)
Fund Balances - Beginning of year	0	211,050	211,050
Fund Balances - End of year	<u>\$0</u>	<u>\$174,287</u>	<u>\$174,287</u>

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

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$102,611	\$101,141	\$101,380	\$239
Other	0	0	112	112
Total Local Sources	102,611	101,141	101,492	351
State Sources:				
Restricted grants	11,303	8,511	8,512	1
Federal Sources:				
Restricted grants	61,788	56,336	56,336	0
Commodities	9,189	8,973	8,973	0
Total Federal Sources	70,977	65,309	65,309	0
Total Revenues	184,891	174,961	175,313	352
Expenditures				
Purchases services	108,088	91,645	89,570	2,075
Supplies and materials	77,805	90,023	87,104	2,919
Capital outlay	0	2,300	2,299	1
Other	600	1,902	1,898	4
Total Expenditures	186,493	185,870	180,871	4,999
Excess (Deficiency) of Revenue Over Expenditures	(1,602)	(10,909)	(5,558)	5,351
Other Financing Sources (Uses)				
Operating transfer in	1,602	10,909	5,558	(5,351)
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**

*Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$198,721	\$200,055	\$201,073	\$1,018
Investment income	0	0	46	46
	<u>198,721</u>	<u>200,055</u>	<u>201,119</u>	<u>1,064</u>
Total Revenues	198,721	200,055	201,119	1,064
Expenditures				
Capital outlay:				
Purchase services	700	7,060	7,030	30
Supplies and materials	24,000	0	0	0
Capital outlay	204,000	218,577	230,852	(12,275)
	<u>228,700</u>	<u>225,637</u>	<u>237,882</u>	<u>(12,245)</u>
Total Expenditures	228,700	225,637	237,882	(12,245)
Net Change in Fund Balances	(29,979)	(25,582)	(36,763)	(11,181)
Fund Balance - Beginning of year	<u>207,828</u>	<u>211,050</u>	<u>211,050</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$177,849</u></u>	<u><u>\$185,468</u></u>	<u><u>\$174,287</u></u>	<u><u>(\$11,181)</u></u>

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

*Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2015*

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets				
Cash	\$112,990	\$144,436	\$141,204	\$116,222
Liabilities				
Due to student groups	\$110,904	\$124,525	\$123,025	\$112,404
Due to general fund	1,975	18,531	16,925	3,581
Due to athletics	0	1,143	1,143	0
Due to food service	111	237	111	237
Total liabilities	<u>\$112,990</u>	<u>\$144,436</u>	<u>\$141,204</u>	<u>\$116,222</u>

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2015*

	Due to (From) Student Groups July 1, 2014	Receipts	Disbursements	Due to (From) Student Groups June 30, 2015
Due to School District:				
Athletic Officials	\$863	\$1,356	\$2,081	\$138
Elementary Claws	172	0	0	172
Elementary Activity	490	5,009	5,449	50
Employee Recognition	300	0	0	300
Families in Need Program	1,103	0	967	136
MS/HS Activity	2,231	2,467	4,208	490
S.E. Work Experience	1	0	0	1
XYZ Club	1,695	0	0	1,695
Interest	0	31	31	0
Michigan Sales Tax	823	1,732	2,527	28
Kindergarten	313	487	576	224
First Grade	24	718	742	0
Second Grade	96	374	422	48
Third Grade	571	597	542	626
Fourth Grade	62	3,917	3,747	232
Fifth Grade	742	1,827	1,726	843
Sixth Grade	1,600	0	0	1,600
Graduated-carryover	5,604	440	39	6,005
Class of 2015	160	4,377	4,537	0
Class of 2016	590	6,096	6,130	556
Class of 2017	655	821	611	865
Class of 2018	0	1,201	586	615
Class of 2019	0	200	0	200
Bobcat Archery	643	0	0	643
Varsity Baseball	1,186	2,582	3,561	207
Basketball - Boys	2,002	1,171	1,764	1,409
Cheerleaders	358	0	0	358
Cross Country	1,154	3,343	4,235	262
Varsity Football	4,992	12,238	7,406	9,824
Hubbard Concessions	3,369	8,292	7,839	3,822
High School Girls Track	43	0	0	43
Basketball-Girls	46	3,000	38	3,008
Volleyball	812	594	1,289	117
Cheerleaders-MS	498	0	0	498
Binder Scholarship	1,524	0	0	1,524
Bischoff Scholarship	12,743	0	0	12,743
Lennard Scholarship	6	100	0	106
Seegert Scholarship	23,795	0	1,500	22,295
Van Hove Scholarship	1,365	0	100	1,265

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2015*

	Due to (From) Student Groups July 1, 2014	Receipts	Disbursements	Due to (From) Student Groups June 30, 2015
(Concluded)				
King Scholarship	\$2,175	\$0	\$0	\$2,175
Whiteford Community Scholarship	37	0	0	37
WRC Scholarship	500	0	0	500
Liz Lykowski Scholarship	5,508	1,251	300	6,459
Class of '76 Scholarship	915	535	500	950
Winters Scholarship	1,000	1,000	1,000	1,000
Wing Trust Scholarship	0	2,000	0	2,000
W'Ford Fire Department Scholarship	0	500	500	0
Dean Knight Scholarship	855	1,000	0	1,855
WRC P2P Scholarship	500	0	0	500
Elementary Art	294	490	372	412
MS/HS Art	18	0	0	18
Band	1	0	0	1
Building Trades	4,044	9,072	13,023	93
Elementary Camp	2,666	17,726	16,364	4,028
Challenge Day	21	0	0	21
High School Project DC	0	438	418	20
MS/HS Spirit Committee	0	623	4	619
Choir-All	82	0	0	82
Elementary Crafting For Literacy	954	465	322	1,097
Science Fair	457	109	1	565
Honor Society	378	1,059	674	763
Horticulture Club	269	0	269	0
Elementary Journalism	653	1,711	1,802	562
High School Journalism	4,458	11,763	11,198	5,023
Middle School Journalism	0	1,226	1,226	0
Elementary Library	833	3,337	3,828	342
High School Library	3,317	0	2,377	940
Life Management	207	0	30	177
Put-in-Bay	528	0	52	476
MS Recycling	100	101	155	46
Solar Sprint	896	0	0	896
Spanish Club	85	25	88	22
Elementary Student Council	1,138	1,039	831	1,346
Student Council - High School	3,629	2,807	2,758	3,678
Student Council - Middle School	480	1,818	1,983	315
Pressbox/Bleachers	0	1,000	0	1,000
Legacy	900	0	0	900
Elementary Special Education	375	460	297	538
Total Due to Student Groups	\$110,904	\$124,525	\$123,025	\$112,404

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

*Summary of 2014 Tax Levy
Year Ended June 30, 2015*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	18.00	\$40,699,571	\$732,592
General Fund operating - commercial	6.00	5,806,439	34,839
2005 Debt Retirement Fund	3.10	191,421,959	593,408
2005 Debt Retirement Fund - IFT	1.55	2,125,713	3,295
Sinking Fund	1.00	191,421,959	191,422
Sinking Fund - IFT	0.50	2,125,713	1,063
			<u>1,556,619</u>
Summerfield Township			
General Fund operating - non-homestead	18.00	363,073	6,535
2005 Debt Retirement Fund	3.10	1,836,046	5,692
Sinking Fund	1.00	1,836,046	1,836
			<u>14,063</u>
Riga Township			
General Fund operating - non-homestead	18.00	560,951	10,097
General Fund operating - commercial	6.00	35,800	215
2005 Debt Retirement Fund	3.10	6,803,514	21,091
Sinking Fund	1.00	6,803,514	6,804
			<u>38,207</u>
			<u>\$1,608,889</u>
Summary			
General Fund operating - non-homestead		41,623,595	\$749,224
General Fund operating - commercial		5,842,239	35,054
2005 Debt Retirement Fund		200,061,519	620,191
2005 Debt Retirement Fund - IFT		2,125,713	3,295
Sinking Fund		200,061,519	200,062
Sinking Fund - IFT		2,125,713	1,063
			<u>\$1,608,889</u>

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

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2015*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Technology enhancement millage	\$172,439	\$172,440	\$1
Total Revenues	172,439	172,440	1
Expenditures			
Instruction:			
Salaries	800	800	0
Fringe benefits	332	363	(31)
Purchase services	10,565	10,624	(59)
Supplies	7,535	7,442	93
Capital outlay	19,080	15,907	3,173
Other	35,831	35,831	0
Total Instruction	74,143	70,967	3,176
Support:			
Salaries	24,457	24,085	372
Fringe benefits	14,438	14,602	(164)
Purchase services	10,462	10,320	142
Supplies	220	2,775	(2,555)
Capital outlay	345	215	130
Other	20,980	20,980	0
Total Support	70,902	72,977	(2,075)
Total Expenditures	145,045	143,944	1,101
Net Change in Fund Balance	27,394	28,496	(1,100)
Restricted for Technology Enhancement - Beginning of Year	(21,381)	22,733	44,114
Restricted for Technology Enhancement - End of Year	\$6,013	\$51,229	\$43,014

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

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Admissions	\$24,150	\$34,220	\$34,220	\$0
Participation fees	25,350	31,550	31,615	65
Other	0	4,046	4,046	0
Total Local Sources	49,500	69,816	69,881	65
State Sources:				
Restricted grants	0	7,199	7,530	331
Total Revenues	<u>\$49,500</u>	<u>\$77,015</u>	<u>\$77,411</u>	<u>\$396</u>
Expenditures				
Pupil Transportation:				
Salaries	\$4,900	\$3,820	\$3,603	\$217
Employee benefits	1,995	1,998	1,501	497
Purchased services	0	0	0	0
Other	0	1,769	1,658	111
Central Services:				
Staff services				
Purchased services	1,300	3,100	3,010	90
Athletics:				
Salaries	87,269	83,829	83,315	514
Employee benefits	31,182	34,324	33,959	365
Purchased services	23,518	27,093	26,927	166
Supplies and materials	4,075	3,835	3,826	9
Other	1,827	3,227	3,228	(1)
Total Expenditures	<u>\$156,066</u>	<u>\$162,995</u>	<u>\$161,027</u>	<u>\$1,968</u>

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

*Schedule of Expenditures of Federal Awards
June 30, 2015*

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	151530-1415	\$42,587
Title II Part A	140520-1314	35,891
Title II Part A	150520-1415	28,406
Total Passed Through State Dept. of Education		106,884
 <u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	2,456
 <u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
National School Lunch Program		
131960 All Lunches	10.555	47,669
141960 All Lunches	10.555	42,589
		90,258
141970 Breakfast	10.553	7,954
151970 Breakfast	10.553	7,225
		15,179
		105,437
U.S.D.A. Donated Commodities Entitlements	10.555	8,973
Total U.S. Department of Agriculture		114,410
Total Federal Financial Assistance		\$223,750

See accompanying notes to this schedule

Accrued (Deferred) Revenue July 1, 2014	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2015
\$0	\$0	\$42,587	\$39,000	\$3,587
13,958	23,958	2,101	16,059	0
0	0	14,387	0	14,387
<u>\$13,958</u>	<u>\$23,958</u>	<u>59,075</u>	<u>\$55,059</u>	<u>\$17,974</u>
<u>\$0</u>	<u>\$1,478</u>	2,456	<u>\$2,456</u>	<u>\$0</u>
\$0	\$42,080	5,589	\$5,589	\$0
0	0	42,589	42,589	0
0	42,080	48,178	48,178	0
0	7,021	933	933	0
0	0	7,225	7,225	0
0	7,021	8,158	8,158	0
0	49,101	56,336	56,336	0
0	11,258	8,973	0	8,973
<u>\$0</u>	<u>\$60,359</u>	<u>65,309</u>	<u>\$56,336</u>	<u>\$8,973</u>
		<u>\$126,840</u>		

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015*

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan.
2. No significant deficiencies considered to be 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.



COOLEY HEHL
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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, 2015, 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,

October 8, 2015



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October 8, 2015

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, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 6, 2015. 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. During 2015, Whiteford Agricultural Schools implemented Governmental Accounting Standard Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. We noted no transactions entered into by Whiteford Agricultural Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Financial statement disclosures are neutral, consistent, and clear.

To the Board of Education
Whiteford Agricultural Schools

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Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to 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 8, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as 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 Matters

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

To the Board of Education
Whiteford Agricultural Schools

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

Restriction on Use

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

Very truly yours,

Cooley Hedd Wollgamuth & Carlton