

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

ANNUAL FINANCIAL REPORT
June 30, 2021

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

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June 30, 2021*

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Independent Auditor's Report

Board of Education

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

Ottawa Lake, Michigan 49267

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other postemployment benefit (OPEB) schedules on pages 6 through 14, 47, and 48 through 52, respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021, 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 the effectiveness of Whiteford Agricultural School District’s 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 6, 2021

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

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, 2021, 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 6, 2021.

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) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of Whiteford Agricultural 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 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



October 6, 2021

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

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, 2021. 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 Funds, the Debt Service Fund, and the Capital Projects Funds.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand 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 Capital Projects Fund with all other funds presented in one column as nonmajor funds. The remaining statement, the Statement of Fiduciary Net Position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The following summary illustrates how the various parts of this annual report are arranged:

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

Basic Financial Statements

District-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

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

Other Supplemental Information

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

District-Wide Financial Statements

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

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

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

Fund Financial Statements

The School District's Fund Financial Statements (pages 17-20) 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 18 and 20.

Fiduciary funds - The School District was the trustee, or fiduciary for its student activity funds. All of the School District's fiduciary activities were reported in the Statement of Fiduciary Net Position and were excluded from the School District's other financial statements. The School District implemented GASB Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. As a result of this implementation, all activity related to student activities is now reported as governmental in one fund called the Student and School Activity Fund.

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

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, 2021 and 2020.

Table 1

Comparative Statement of Net Position

	June 30, 2021	June 30, 2020
Current and other assets	\$8,320,440	\$8,650,705
Capital assets, net	8,846,621	7,760,370
Total Assets	17,167,061	16,411,075
Deferred Outflows of Resources	4,967,363	5,845,540
Current and other liabilities	2,864,485	2,193,284
Long-term liabilities	22,839,974	23,230,307
Total Liabilities	25,704,459	25,423,591
Deferred Inflows of Resources	1,721,269	2,060,163
Net Position		
Investment in capital assets	1,322,276	(623,787)
Restricted for technology enhancement	262,425	150,673
Restricted for debt service	169,276	62,140
Restricted for food service	157,761	66,999
Restricted for capital outlay	3,131,222	4,466,790
Unrestricted (deficit), restated	(10,334,264)	(9,349,954)
Total Net Position	(\$5,291,304)	(\$5,227,139)

As depicted in Table 1, the School District's net position was a deficit of \$5,291,304 at June 30, 2021. Of this amount, a negative \$10,334,264 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability and the OPEB liability will have a significant impact on the change in unrestricted net position from year to year.

During the fiscal year ended June 30, 2021, the School District implemented GASB 84, *Fiduciary Activities*. As a result, amounts for June 30, 2020 in Tables 1 and 2 were restated. Refer to Note 22 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, 2021 and 2020.

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

District–Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Position

	June 30, 2021	June 30, 2020
Revenues		
Program revenues:		
Charges for services	\$73,736	\$160,659
Operating grants and contributions	2,476,967	1,677,863
	2,550,703	1,838,522
General revenues:		
Property taxes	2,316,133	1,874,991
State foundation allowance	5,300,517	5,080,160
Other general revenues	289,472	264,281
	7,906,122	7,219,432
Total Revenues	10,456,825	9,057,954
Functions/Program Expenses		
Instruction	6,390,843	5,240,251
Support services	3,481,784	3,133,562
Food service	284,287	233,273
Community services	140	244
Interest on long-term debt	256,440	208,588
Depreciation	291,282	352,245
	10,704,776	9,168,163
Increase (Decrease) in Net Position	(247,951)	(110,209)
Beginning Net Position, Restated	(5,043,353)	(4,933,144)
Ending Net Position, Restated	(\$5,291,304)	(\$5,043,353)

As indicated in Table 2, the cost of *all governmental* activities this year was \$10,704,776. Of this amount, \$2,550,703 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced a decrease in net position this year of \$247,951. Revenues increased by \$1,398,871, which is mostly due to an increase in Federal and State grants related to the COVID-19 pandemic. There was an increase of total expenses of \$1,536,613, which is mostly attributable to the increase in pension and OPEB expenses from changes in the deferred outflows, deferred inflows, and the net pension and OPEB liabilities. A reconciliation of the change in fund balances to the change in net position appears on page 20.

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

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 \$6,426,363, which is a decrease of \$707,255 from last year. The changes by each fund are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>School and Student Activity Fund</u>	<u>Debt Retirement Fund</u>	<u>Sinking Fund</u>	<u>Total</u>
Fund balances- beginning of year, restated	\$2,285,888	\$4,440,588	\$67,603	\$183,786	\$129,551	\$26,202	\$7,133,618
Increase (decrease)	<u>444,429</u>	<u>(1,315,529)</u>	<u>90,158</u>	<u>13,593</u>	<u>80,133</u>	<u>(20,039)</u>	<u>(707,255)</u>
Fund balances- End of year	<u><u>\$2,730,317</u></u>	<u><u>\$3,125,059</u></u>	<u><u>\$157,761</u></u>	<u><u>\$197,379</u></u>	<u><u>\$209,684</u></u>	<u><u>\$6,163</u></u>	<u><u>\$6,426,363</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.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percent Change</u>
Revenues			
Local sources	\$1,044,140	\$1,070,201	(2.4)%
State sources	6,687,768	6,247,090	7.1%
Federal sources	416,239	98,589	322.2%
Interdistrict and other sources	591,816	533,461	10.9%
Operating transfers in	<u>0</u>	<u>18,560</u>	(100.0)%
	<u><u>\$8,739,963</u></u>	<u><u>\$7,967,901</u></u>	9.7%

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

Fund Financial Analysis – Concluded

Expenditures	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percent Change</u>
Instruction	\$5,330,920	\$4,764,790	11.9%
Support services	2,723,330	2,872,204	(5.2)%
Athletics	241,144	221,848	8.7%
Community services	<u>140</u>	<u>244</u>	(42.6)%
	<u><u>\$8,295,534</u></u>	<u><u>\$7,859,086</u></u>	5.6%

General Fund Budgetary Highlights

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

Beginning Budget versus Ending Budget

Revenues – The original budget for revenues was \$7,249,387 versus the final budget of \$8,796,547; difference of \$1,547,160. Major components of the original budget for revenues versus final projections are indicated below:

- Local revenue budget changes include an increase of \$67,034 for property taxes due to changes in property values.
- State revenues budget changes include:
 - The foundation allowance increased \$448,071, originally budgeted 740.01 FTE's; actual FTE's were 757.54, increase of 17.53. The budgeted FTE count was based on assumptions that student count might decline due to the pandemic.
 - The foundation was not announced by the time the beginning budget was adopted and initial news hinted at a foundation reduction; a foundation of \$7,611 was adopted (reduction of \$500/student), actual received was \$8,111 (same as FY 20).

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

Beginning Budget versus Ending Budget (Concluded)

- A “superblend” count was introduced (FY 21 only) to assist those districts with anticipated declining enrollment due to the pandemic, this new count method however did not benefit Whiteford whose enrollment increased. Additional state aid categoricals were added for those districts with an increase in enrollment to reinstate funding as if the superblend had not been enacted; Whiteford received \$153,895.
- Increase in the MPSERS funds totaled \$126,700. ESSER II (Elementary and Secondary School Emergency Relief) Equalization 11r(4) funds totaling \$209,140 were added.
- All grants are typically budgeted in full. Additional revenues added to the budget for new grants or carryover totaled approximately \$16,078: Robotics \$4,650, Targeted Literacy \$8,626, carryover for the Safety grant in the amount of \$7,141 was added, carryover for Early Literacy and Targeted Literacy totaled \$6,551 and the At Risk budget decreased by \$10,890.
- Federal revenue changes totaled \$442,226 and include:
 - Increase in allocations for Title I and Title II grants, \$9,241 and \$7,440.
 - Budget was added in the amount of \$131,762 for ESSR formula II funds, \$263,652 for 11p Coronavirus Relief Fund, \$19,335 for MiConnect and \$9,281 for 103(2) District COVID costs; all grants were awarded due to COVID.
- Other revenue budget changes include: an increase in technology millage taxes in the amount of \$15,028 (amount fluctuates each year due to property tax values and student enrollment), and an increase in the county special education reimbursement in the amount of \$60,599, which fluctuates each year as well and is based on prior year costs.

Expenditures – The original budget for expenditures was \$7,657,355 compared to the final budget of \$8,577,705; an increase of \$920,350. Major components of the original budget for expenditures versus final projections are noted below:

- The budget for instructional salaries and benefits was increased \$182,725 due to employment and benefit changes, increase in merit pay, and contract settlement.
- The budget was adjusted for the corresponding increases relating to the grant awards mentioned above.
- Support positions to the Superintendent, CFO & Maintenance/Transportation Director were defined and separated resulting in the creation of an additional position.
- The budget was decreased approximately \$100,000 due to MS/HS Principal position staffed for the year in an interim basis by the Superintendent.
- Adjustments in Operations and Maintenance included:
 - Adding Special Projects carryover of \$14,470.
 - A reduction of \$58,480 for School Resource Officer due to abbreviated schedule as well as county receiving COVID funding to offset some expenses.

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$8,739,963 versus a budget of \$8,796,547, a difference of \$56,584 (.63%). Some grants were not fully expended therefore all revenue not recognized. Also, there were funding changes that were not communicated until after the final budget was adopted June 14th.

Expenditures – General Fund actual expenditures of \$8,295,534 versus a budget of \$8,577,705; a difference of \$282,171 (3.40%). This difference is mainly attributed to the following:

- All grants are budgeted in full however revenues are only recognized for corresponding expenditures.
- Operations & Maintenance line items under budget include special projects \$67,000, custodial \$16,400, gas/electric \$6,100.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the School District had \$14,602,161 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, machinery and equipment. This amount includes a net increase (including additions and disposals) of \$1,367,056 in capital assets. This year's additions consisted of the completion of the LED lighting project, security glass, completion of the hallway flooring, completion of the athletic track, musical instruments, and a bus. Projects that were not completed before year end include a new septic system for middle/high school, a greenhouse, and general bond projects. Depreciation for this year totaled \$291,282. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2021, the School District had \$7,105,000 in outstanding bonds. The unamortized premium on the bonds is \$419,345. 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 \$143,687 include accrued vacation, sick and severance pay. More detailed information about long-term liabilities is presented in Note 11 to the Financial Statements.

Development of the 2021-22 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2021-22 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2022 fiscal year used for the budget was 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 767 students, which is approximately 10 FTE's more than the previous year's actual figure and a foundation increase of \$200/student. Approximately 76% of total revenue is from the foundation allowance and property tax levy.

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

*Management's Discussion and Analysis
Year Ended June 30, 2021*

Development of the 2021-22 Fiscal Year Budget (Concluded)

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 2021-22 fiscal year was adopted on June 14, 2021. 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 LENAWEE, MICHIGAN**

*Statement of Net Position
June 30, 2021*

	Governmental Activities
Assets	
Cash and cash equivalents	\$6,875,178
Accounts/taxes receivable	51,431
Due from other governmental units	1,300,076
Deposit	5,050
Inventories	5,595
Prepaid expenses	83,110
Capital assets, net	8,846,621
Total Assets	17,167,061
Deferred Outflows of Resources	
Deferred amount of pension expense	3,681,811
Deferred amount of OPEB expense	1,285,552
Total Deferred Outflows of Resources	4,967,363
Liabilities	
Accounts payable	682,765
Salaries payable	541,718
Other liabilities	402,221
Accrued interest payable	40,408
Due to other governmental units	144,837
Unearned revenue	122,536
Long-term liabilities:	
Net pension liability	13,903,331
Net OPEB liability	2,198,611
Due within one year	930,000
Due in more than one year	6,738,032
Total Liabilities	25,704,459
Deferred Inflows of Resources	
Deferred amount of net pension liability	70,368
Deferred amount of net OPEB liability	1,650,901
Total Deferred Inflows of Resources	1,721,269
Net Position	
Net investment in capital assets	1,322,276
Restricted for technology enhancement	262,425
Restricted for debt service	169,276
Restricted for food service	157,761
Restricted for capital outlay	3,131,222
Unrestricted (deficit)	(10,334,264)
Total Net Position	(\$5,291,304)

See accompanying notes to the basic financial statements

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

*Statement of Activities
Year Ended June 30, 2021*

Functions/Programs	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$6,390,843	\$0	\$1,712,286	(\$4,678,557)
Support services	3,481,784	58,014	421,171	(3,002,599)
Food services	284,287	15,722	343,510	74,945
Community services	140	0	0	(140)
Interest on long-term debt	256,440	0	0	(256,440)
Depreciation (Unallocated)	291,282	0	0	(291,282)
Total Governmental Activities	\$10,704,776	\$73,736	\$2,476,967	(8,154,073)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				
				910,412
Property taxes, levied for technology				
				245,028
Property taxes, levied for debt retirement				
				1,155,675
Property taxes, levied for sinking				
				5,018
State of Michigan aid, unrestricted				
				5,300,517
Interest and investment earnings				
				19,314
Other				
				270,158
		Total General Revenues		7,906,122
				(247,951)
				(5,043,353)
				(\$5,291,304)

See accompanying notes to the basic financial statements

FUND FINANCIAL STATEMENTS

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

*Governmental Funds
Balance Sheet
June 30, 2021*

	General	Capital Projects Fund	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$2,880,077	\$3,592,898	\$402,203	\$6,875,178
Accounts/taxes receivable	40,530	10,529	372	51,431
Due from other governmental units	1,278,729	0	21,347	1,300,076
Due from other funds	3,352	0	187,315	190,667
Deposit	5,050	0	0	5,050
Inventory	0	0	5,595	5,595
Prepaid expenditures	81,556	0	1,554	83,110
Total Assets	\$4,289,294	\$3,603,427	\$618,386	\$8,511,107
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$176,124	\$478,368	\$28,273	\$682,765
Salaries payable	541,718	0	0	541,718
Other liabilities	402,221	0	0	402,221
Unearned revenue	108,301	0	14,235	122,536
Due to other governmental units	144,837	0	0	144,837
Due to other funds	185,776	0	4,891	190,667
Total Liabilities	1,558,977	478,368	47,399	2,084,744
Fund Balances				
Nonspendable:				
Prepaid expenditures	81,556	0	1,554	83,110
Inventory	0	0	5,595	5,595
Restricted for:				
Technology enhancement	262,425	0	0	262,425
Food service	0	0	151,562	151,562
2015 School bond debt retirement	0	0	209,684	209,684
Capital outlay	0	3,125,059	6,163	3,131,222
Committed to:				
Special projects	67,002	0	0	67,002
Student and school activity	0	0	196,429	196,429
Unassigned	2,319,334	0	0	2,319,334
Total Fund Balances	2,730,317	3,125,059	570,987	6,426,363
Total Liabilities and Fund Balances	\$4,289,294	\$3,603,427	\$618,386	\$8,511,107

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, 2021*

Total Fund Balances - Governmental Funds		\$6,426,363
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
Cost of the capital assets	\$14,602,161	
Accumulated depreciation	(5,755,540)	
		8,846,621
Deferred outflows of resources from subsequent pension expense from measurement date		3,681,811
Deferred outflows of resources from subsequent OPEB expense from measurement date		1,285,552
Deferred inflows of resources resulting from net pension liability		(70,368)
Deferred inflows of resources resulting from net OPEB liability		(1,650,901)
<p>Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Net pension liability	(13,903,331)	
Net OPEB liability	(2,198,611)	
Bonds payable plus bond premiums	(7,524,345)	
Compensated absences	(143,687)	
Accrued interest	(40,408)	
		(23,810,382)
Total Net Position - Governmental Activities		(\$5,291,304)

See accompanying notes to the basic financial statements

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

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2021*

	General	Capital Projects Fund	Other Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$1,044,140	\$16,636	\$1,278,338	\$2,339,114
State sources	6,687,768	0	21,165	6,708,933
Federal sources	416,239	0	333,498	749,737
Interdistrict and other sources	591,816	0	0	591,816
Total Revenues	8,739,963	16,636	1,633,001	10,389,600
Expenditures				
Instruction	5,330,920	0	0	5,330,920
Support services	2,723,330	0	368,033	3,091,363
Capital outlay	0	1,332,165	25,093	1,357,258
Debt service	0	0	1,076,030	1,076,030
Athletics	241,144	0	0	241,144
Community services	140	0	0	140
Total Expenditures	8,295,534	1,332,165	1,469,156	11,096,855
Net Change in Fund Balances	444,429	(1,315,529)	163,845	(707,255)
Fund Balances - Beginning of year	2,285,888	4,440,588	407,142	7,133,618
Fund Balances - End of year	<u>\$2,730,317</u>	<u>\$3,125,059</u>	<u>\$570,987</u>	<u>\$6,426,363</u>

See accompanying notes to the basic financial statements

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

*Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021*

Total Net Change in Fund Balances - Governmental Funds (\$707,255)

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

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

Depreciation expense	(\$291,282)	
Capital outlay	1,377,533	
		1,086,251

Repayment of bond principal is an expenditure in the governmental funds, both the repayment reduces long-term liabilities in the statement of net position.	805,000
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The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in pension liability	(1,113,007)
Net change in the deferred inflow of resources related to the net pension liability	423,309
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	(909,433)

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

Net change in OPEB liability	615,583
Net change in the deferred inflows of resources related to the net OPEB liability	(558,572)
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions	31,256

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	54,812
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Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid	27,003
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Net changes in the liability for compensated absences are reported as expenditures in governmental funds	(2,898)
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Change in Net Position of Governmental Activities (\$247,951)

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, 2021*

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

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

Reporting Entity

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

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

Note 2 **Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in accordance 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, 2021*

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.

The School District reports the following major governmental funds:

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

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

The School District reports the following nonmajor governmental funds:

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

Economic Dependency – The School District received approximately 77% of the General Fund revenue from the State of Michigan. Due to the significance of this revenue source to the School District, the School District is considered economically dependent.

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

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

Deposits and Investments (Concluded)

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

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

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2021, 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 lower of cost or net realizable value, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as expenditures when received.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not record infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

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

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

*Notes to Financial Statements
Year Ended June 30, 2021*

Note 2

Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2021*

Note 2

Summary of Significant Accounting Policies (Continued)

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

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

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has items that qualify for reporting in this category. They are deferred outflows of resources related to pension and deferred outflows of resources related to OPEB reported in the government-wide statement of net position. The School District reports deferred outflows of resources related to the deferred pension and OPEB plan costs.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The district reports deferred inflows of resources related to unavailable revenue, revenue in support of pension contributions made subsequent to the measurement date, and deferred pension and OPEB plan costs.

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

Pension and Other Post-Employment Benefits – For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public Schools Employees Retirement System (MPSERS), and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (included refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are stated at fair value.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

- D. Estimates** - The preparation of financial statements in accordance 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 2021.
- 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. Reclassifications** - Certain prior year amounts have been reclassified to conform with current year presentation.

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.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

Note 3 Stewardship, Accountability and Compliance (Concluded)

During the year ended June 30, 2021, 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. Expenditures exceeded final budgeted amounts in the following funds:

	Final Budget	Actual Expenditures	Variance
Student and School Activity Fund	\$90,000	\$98,854	(\$8,854)
2015 Refunding School Bond Debt			
Retirement Fund	1,075,907	1,076,030	(123)

Note 4 Deposits and Investments

As of June 30, 2021, the School District's deposits and investments are all on deposit with First Merchants Bank, Fifth Third Bank, Huntington Bank, Chemical Bank, CIBC Bank, UMB, and Flagstar.

- A. **Interest rate risk** - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

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

- C. **Concentration of credit risk** - The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

- D. **Custodial credit risk - deposits** - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$6,968,166 invested in checking accounts and money market accounts. The School District's deposits are insured by the FDIC in the amount of \$1,860,699. Uninsured deposits are \$5,107,467.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

Note 4 Deposits and Investments (Concluded)

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.

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Construction in progress	798,790	757,136	543,118	1,012,808
	820,703	757,136	543,118	1,034,721
Capital assets being depreciated:				
Land improvements	577,819	556,701	10,477	1,124,043
Buildings and building improvements	11,316,056	551,747	0	11,867,803
Machinery and equipment	364,105	15,450	0	379,555
Vehicles	156,422	39,617	0	196,039
	12,414,402	1,163,515	10,477	13,567,440
Total capital assets	13,235,105	1,920,651	553,595	14,602,161
Less Accumulated Depreciation:				
Land improvements	(363,767)	(28,339)	(10,477)	(381,629)
Buildings and building improvements	(4,774,879)	(245,673)	0	(5,020,552)
Machinery and equipment	(179,822)	(17,270)	0	(197,092)
Vehicles	(156,267)	0	0	(156,267)
	(5,474,735)	(291,282)	(10,477)	(5,755,540)
Total accumulated depreciation	(5,474,735)	(291,282)	(10,477)	(5,755,540)
Net capital assets	\$7,760,370	\$1,629,369	\$543,118	\$8,846,621

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

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

*Notes to Financial Statements
Year Ended June 30, 2021*

Note 6 **Interfund Payables, Receivables, and Transfers**

Interfund balances at June 30, 2021, consisted of the following individual fund receivables and payables:

Due From	Due To		
	General Fund	Student and School Activity Fund	Total
General Fund	\$0	\$3,352	\$3,352
Food Service Fund	120,916	1,539	122,455
2015 Refunding School Bond Fund	64,634	0	64,634
Sinking Fund	226	0	226
	\$185,776	\$4,891	\$190,667

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.

The School District did not have any interfund transfers during the fiscal year ended June 30, 2021.

Note 7 **Defined Benefit Pension Plans and Postemployment Benefits**

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

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

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

The System's financial statements are available at michigan.gov/orsschools.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

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

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions and Funded Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2020.

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.41%
Member Investment Plan	3.0 - 7.0%	19.41%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

Required contributions to the pension plan from the District were \$1,112,284 for the year ended September 30, 2020.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

Pension Liabilities - At June 30, 2021, the School District reported a liability of \$13,903,331 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2019. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was 0.04047421 percent, which was an increase of 8.00533 percent from its proportion measured as of September 30, 2019.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2021, the School District recognized pension expense of \$2,430,784. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$212,431	(\$29,675)
Changes of assumptions	1,540,623	0
Net differences between projected and actual earnings on pension plan investments	58,416	0
Changes in proportion and differences between school district contributions and proportionate share of contributions	722,214	(40,693)
School district's contributions subsequent to the measurement date	<u>1,148,127</u>	<u>0</u>
	<u>\$3,681,811</u>	<u>(\$70,368)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

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

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

	Amount
2021	\$1,089,777
2022	779,043
2023	447,706
2024	146,790
	\$2,463,316

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans (Non-Hybrid):	6.80%, net of investment expenses
- Pension Plus Plan	6.80%, net of investment expenses
- Pension Plus 2 Plan	6.00%, net of investment expenses
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

Mortality:

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

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4892
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at michigan.gov/orsschools.

The long-term expected rate of return on plan assets - The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.6%
Private Equity Pools	16.00	9.3
International Equity Pools	15.00	7.4
Fixed Income Pools	10.50	0.5
Real Estate and Infrastructure Pools	10.00	4.9
Absolute Return Pools	9.00	3.2
Real Return/Opportunistic Pools	12.50	6.6
Short Term Investment Pools	2.00	0.1
	<u>100.00%</u>	

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

Rate of return – For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

Discount rate - A discount rate of 6.80% was used to measure the total pension liability (6.80% for Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80 for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
<u>(5.80% / 5.80% / 5.0%)</u>	<u>(6.80% / 6.80% / 6.0%)</u>	<u>(7.80% / 7.80% / 7.0%)</u>
<u>\$17,995,504</u>	<u>\$13,903,331</u>	<u>\$10,511,832</u>

*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

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

Payable to the Pension Plan - At June 30, 2021, the School District reported a payable of approximately \$234,355 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

Note 8 Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

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

The System's financial statements are available on the ORS website at michigan.gov/orsschools.

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning on October 1, 2019 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2020.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%

Required contributions to the OPEB plan from School District were \$289,956 for the year ended September 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2021, the School District reported a liability of \$2,198,611 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was 0.04103979 percent, which was a decrease of 27.99872 percent from its proportion measured as of October 1, 2019.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

For the year ending June 30, 2021, the School District recognized OPEB expense of \$7,706. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$0	(\$1,638,171)
Changes of assumptions	724,926	0
Net differences between projected and actual earnings on OPEB plan investments	18,350	0
Changes in proportion and differences between school district contributions and proportionate share of contributions	270,269	(12,730)
School district's contributions subsequent to the measurement date	<u>272,007</u>	<u>0</u>
	<u>\$1,285,552</u>	<u>(\$1,650,901)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

	<u>Amount</u>
2021	(\$174,519)
2022	(148,938)
2023	(119,265)
2024	(104,123)
2025	<u>(90,511)</u>
	<u>(\$637,356)</u>

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%, net of investment expenses
Projected Salary Increases:	2.75– 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality:	
- Active Members	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

Notes (Concluded):

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.6018
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.6%
Private Equity Pools	16.00	9.3
International Equity Pools	15.00	7.4
Fixed Income Pools	10.50	0.5
Real Estate and Infrastructure Pools	10.00	4.9
Absolute Return Pools	9.00	3.2
Real Return/Opportunistic Pools	12.50	6.6
Short Term Investment Pools	2.00	0.1
	100.00%	

*Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return - For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate - A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

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

Sensitivity of the School District’s proportionate share of the net OPEB liability to changes in the discount rate - The following presents the School District’s proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
<u>5.95%</u>	<u>6.95%</u>	<u>7.95%</u>
<u>\$2,824,366</u>	<u>\$2,198,611</u>	<u>\$1,671,778</u>

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>5.95%</u>	<u>6.95%</u>	<u>7.95%</u>
<u>\$1,651,607</u>	<u>\$2,198,611</u>	<u>\$2,820,761</u>

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at michigan.gov/orsschools.

Payables to the OPEB Plan - At June 30, 2021, the School District reported a payable of approximately \$45,694 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

Note 9 **Enhancement Millage for Technology**

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

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

*Notes to Financial Statements
Year Ended June 30, 2021*

Note 10 Unearned Revenue

Governmental funds and governmental activities defer revenue recognition in connection with resources that have been received but not earned. At the end of the current fiscal year, the various components of unearned revenue are as follows:

General Fund:	
Barron Insurance Pressbox	\$33,750
At Risk Additional Amount	1,130
Innovative Summer Programs	22,178
ESSER Per Pupil Equalization	47,649
ESSER II	1,500
Glassbrook Grant	196
Restricted donations	1,784
Milk Means More	114
Food Service Fund:	
Prepaid student balances	11,470
Student and School Activity Fund:	
Camp fees	2,765
Total	\$122,536

Note 11 Long-Term Debt

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

	Balance June 30, 2020	Additions	Payments	Balance June 30, 2021	Due in One Year
Direct Borrowing and Direct Placement:					
2015 Refunding Bonds	\$3,355,000	\$0	\$425,000	\$2,930,000	\$440,000
2020 Building and Site Bonds	4,555,000	0	380,000	4,175,000	490,000
Premium on bonds	474,157	0	54,812	419,345	0
Total bonds payable	8,384,157	0	859,812	7,524,345	930,000
Other Liabilities:					
Compensated absences payable	140,789	2,898	0	143,687	0
	\$8,524,946	\$2,898	\$859,812	\$7,668,032	\$930,000

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, 2021*

Note 11 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 at year end.

Direct Placements

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 will pledge the full faith, credit, and resources of the School District for payment of principal and interest thereon, and will be payable from 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 will pledge the full faith, credit, and resources of the School District for payment of principal and interest thereon, and will be payable from an annual property tax millage. The principal and interest requirements to retire the 2015 bonds are as follows:

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond</u>	<u>Total</u>
	<u>November 1</u>	<u>May 1</u>	<u>Maturities</u> <u>May 1</u>	
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
	\$211,900	\$211,900	\$2,930,000	\$3,353,800

2020 School Building and Site Bonds - \$4,555,000 - Interest rate 3.0%

These bonds were approved by the voters of the School District on November 5, 2019. The proceeds were used for erecting, furnishing and equipping an arts program addition and a multi-purpose gymnasium addition to the middle/high school; remodeling, furnishing and refurbishing, and equipping and re-equipping existing school buildings; acquiring and installing instructional technology in school buildings; erecting, furnishing, and equipping a new bus garage; and preparing, developing, improving, and equipping athletic fields and facilities and sites. The bonds will pledge the full faith, credit, and resources of the School District for payment of principal and interest thereon, and will be payable from an annual property tax millage. The principal and interest requirements to retire the 2020 bonds are as follows:

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

*Notes to Financial Statements
Year Ended June 30, 2021*

**Note 11 Long-Term Debt (Concluded)
2020 School Building and Site Bonds (Concluded)**

Fiscal Year	Interest Requirements		Bond Maturities	Total
	November 1	May 1	May 1	Requirements
2022	\$62,625	\$62,625	\$490,000	\$615,250
2023	55,275	55,275	0	110,550
2024	55,275	55,275	0	110,550
2025	55,275	55,275	0	110,550
2026	55,275	55,275	0	110,550
2027	55,275	55,275	0	110,550
2028	55,275	55,275	160,000	270,550
2029	52,875	52,875	165,000	270,750
2030	50,400	50,400	170,000	270,800
2031	47,850	47,850	175,000	270,700
2032	45,225	45,225	180,000	270,450
2033	42,525	42,525	185,000	270,050
2034	39,750	39,750	190,000	269,500
2035	36,900	36,900	195,000	268,800
2036	33,975	33,975	200,000	267,950
2037	30,975	30,975	205,000	266,950
2038	27,900	27,900	210,000	265,800
2039	24,750	24,750	215,000	264,500
2040	21,525	21,525	225,000	268,050
2041	18,150	18,150	235,000	271,300
2042	14,625	14,625	240,000	269,250
2043	11,025	11,025	245,000	267,050
2044	7,350	7,350	255,000	269,700
2045	3,525	3,525	235,000	242,050
	\$903,600	\$903,600	\$4,175,000	\$5,982,200

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

Fiscal Year	Interest	Principal	Total Requirements
2022	\$179,825	\$930,000	\$1,109,825
2023	210,150	460,000	670,150
2024	191,750	480,000	671,750
2025	172,550	495,000	667,550
2026	152,750	515,000	667,750
2027-2031	544,950	1,210,000	1,754,950
2032-2036	396,750	950,000	1,346,750
2037-2041	246,600	1,090,000	1,336,600
2042-2045	73,050	975,000	1,048,050
	\$2,168,375	\$7,105,000	\$9,273,375

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

*Notes to Financial Statements
Year Ended June 30, 2021*

Note 12 **Lease Commitments - Operating Leases**

The School District has, as of June 30, 2021, contractual agreements specifying the following annual lease payment obligations:

<u>Fiscal Year</u>	<u>Amount</u>
2022	<u>\$55,584</u>

Note 13 **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 2020 property taxes were levied on December 1, 2020 on assessed valuations as of December 31, 2020. Taxes were collected beginning December 1, 2020 and payments were due by February 14, 2021. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2020 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$50,823,486	17.4572	\$887,235
Commercial	5,467,683	5.4572	29,838
2015 Debt Retirement:			
Regular	231,899,381	2.3000	533,368
IFT	707,690	1.1500	814
2019 Debt Retirement:			
Regular	231,899,381	2.6300	609,896
IFT	707,690	1.1350	<u>931</u>
Total			<u>\$2,062,082</u>

Note 14 **Tax Abatement**

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

For the year ended June 30, 2021, the School District's property tax revenue for general obligations was reduced by \$1,045 under this program. There were no tax abatements made by the School District.

Note 15 **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, 2021, the School District did not incur any claims.

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

*Notes to Financial Statements
Year Ended June 30, 2021*

Note 16 **Cafeteria Contract**

During the fiscal year ended June 30, 2021, 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 17 **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, 2021.

B. Litigation

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

Note 18 **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 19 **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 20 **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, 2021*

Note 21 **Capital Projects Fund**

The Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provision of §1351a of the Revised School Code.

Note 22 **Upcoming Accounting Pronouncements**

In January 2017, the Governmental Accounting Standards Board issued GASB Statement Number 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District’s financial statements for the year ending June 30, 2022.

Note 23 **Adoption of New Accounting Standard**

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, student activities no longer meet the definition of fiduciary activities. Therefore, student activities are now reported within a nonmajor governmental special revenue fund. The effect of this new standard on net position/fund balance is as follows:

	Governmental Activities	Nonmajor Funds
Net position/fund balance as previously stated July 1, 2020	(\$5,227,139)	\$223,356
Adoption of GASB 84 - to change fund type	183,786	183,786
Net position/fund balance as restated July 1, 2020	(\$5,043,353)	\$407,142

Note 24 **Subsequent Events**

The School District’s management evaluated subsequent events from June 30, 2021 through October 6, 2021, the date the financial statements were available to be issued. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the ultimate impact and duration of this outbreak is uncertain, the School District anticipates a negative impact on net assets, operations, and cash flows. Possible effects include, but are not limited to, decreases in property taxes, federal and state grants, charges for services, and other revenue. The School District has received Federal and State funding to compensate for the additional demands from COVID-19, including additional staff and safety measures for providing services to pupils, however the duration of these funds is highly uncertain. For these reasons, the financial impact of COVID-19 cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2021*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$969,975	\$1,028,172	\$1,044,140	\$15,968
State sources	5,720,541	6,682,900	6,687,768	4,868
Federal sources	51,434	493,660	416,239	(77,421)
Interdistrict and other sources	507,437	591,815	591,816	1
Total Revenues	7,249,387	8,796,547	8,739,963	(56,584)
Expenditures				
Instruction:				
Basic programs	3,754,136	4,548,436	4,544,644	3,792
Added needs	856,822	795,775	786,276	9,499
Support services:				
Pupil	354,101	388,414	376,866	11,548
Instructional staff	219,913	265,494	267,389	(1,895)
General administration	285,292	314,874	316,686	(1,812)
School administration	495,350	418,247	414,404	3,843
Business administration	218,652	238,688	235,194	3,494
Operation and maintenance	696,367	707,971	585,336	122,635
Pupil transportation	430,912	419,899	401,028	18,871
Central services	96,037	231,348	126,427	104,921
Athletics	249,773	248,419	241,144	7,275
Community services	0	140	140	0
Total Expenditures	7,657,355	8,577,705	8,295,534	282,171
Net Change in Fund Balances	(407,968)	218,842	444,429	225,587
Fund Balances - Beginning of year	1,863,373	2,285,888	2,285,888	0
Fund Balances - End of year	\$1,455,405	\$2,504,730	\$2,730,317	\$225,587

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)*

	2020	2019	2018	2017	2016	2015	2014
A. School District's proportion of net pension liability (%)	0.04047%	0.03862%	0.03721%	0.03625%	0.03453%	0.03206%	0.03296%
B. School District's proportion proportionate share of net pension liability	\$13,903,331	\$12,790,324	\$11,184,651	\$9,395,072	\$8,614,164	\$7,829,613	\$7,260,411
C. School District's covered-employee payroll	\$3,654,217	\$3,440,900	\$3,239,983	\$3,070,857	\$3,020,287	\$2,685,414	\$2,812,081
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	26.28%	26.90%	28.97%	32.69%	35.06%	34.30%	38.73%
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

WHITEFORD AGRICULTURAL SCHOOLS

Schedule of the School District's Pension Contributions

Michigan Public School Employees Retirement Plan

Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)

	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$1,112,284	\$1,026,010	\$1,013,114	\$850,360	\$775,318	\$618,396	\$964,921
B. Contributions in relation to statutorily required contributions*	1,112,284	1,026,010	1,013,114	850,360	775,318	618,396	964,921
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D. School District's covered-employee payroll	\$3,810,340	\$3,450,396	\$3,318,156	\$3,199,739	\$3,066,347	\$2,292,845	\$2,792,810
E. Contributions as a percentage of covered-employee payroll	29.19%	29.74%	30.53%	26.58%	25.28%	26.97%	34.55%

*Contributions in relation to statutorily required contributions are the contributions a school district actually made to the system, as distinct from the statutorily required contributions.

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

WHITEFORD AGRICULTURAL SCHOOLS

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
A. School District's proportion of net OPEB liability (%)	0.04104%	0.03921%	0.03797%	0.03631%
B. School District's proportion proportionate share of net OPEB liability	\$2,198,611	\$2,814,194	\$3,017,915	\$3,215,011
C. School District's covered-employee payroll	\$3,654,217	\$3,440,900	\$3,239,983	\$3,070,857
D. School District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	166.21%	122.27%	107.36%	95.52%
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%

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

WHITEFORD AGRICULTURAL SCHOOLS

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Statutorily required contributions	\$289,956	\$269,200	\$246,437	\$282,652
B. Contributions in relation to statutorily required contributions*	<u>289,956</u>	<u>269,200</u>	<u>246,437</u>	<u>282,652</u>
C. Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. School District's covered-employee payroll	\$3,810,340	\$3,450,396	\$3,318,156	\$3,199,739
E. Contributions as a percentage of covered-employee payroll	7.61%	7.80%	7.43%	8.83%

*Contributions in relation to statutorily required contributions are the contributions a school district actually made to the system, as distinct from the statutorily required contributions.

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

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

*Notes to Required Supplemental Information
Year Ended June 30, 2021*

Pension Information

Benefit Changes

There were no changes of benefit terms for the pension plan year ended 2020.

Assumption Changes

There were no changes of assumptions for the pension plan year ended 2020.

OPEB Information

Benefit Changes

There were no changes of benefit terms for the OPEB plan year ended 2020.

Assumption Changes

There were no changes of assumptions for the OPEB plan year ended 2020, except for the following:

- 2020 – The OPEB healthcare cost rate assumption used in the September 30, 2020 valuation was 7.0% year 1 graded to 3.5% year 15, 3.0% year 120.
- 2019 – The OPEB healthcare cost rate assumption used in the September 30, 2019 valuation was 7.5% year 1 graded to 3.5% year 12.

OTHER SUPPLEMENTAL INFORMATION

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

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2021*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Local Sources			
Property taxes	\$909,573	\$910,412	\$839
Investment income	1,000	2,121	1,121
Contributions	8,208	8,208	0
Athletics	56,339	58,014	1,675
Other revenue	53,052	65,385	12,333
Total Local Sources	<u>1,028,172</u>	<u>1,044,140</u>	<u>15,968</u>
State Sources			
Unrestricted grants:			
Proposal A obligation	2,986,800	3,014,381	27,581
Discretionary payment	2,125,279	2,125,270	(9)
Other unrestricted state grants	160,880	160,866	(14)
Restricted grants:			
Special education-Headlee obligation	300,730	300,730	0
At risk	174,929	174,929	0
MPSERS rate offset/UAAL/reform	648,994	673,815	24,821
ESSER II per pupil equalization	209,140	161,482	(47,658)
Other state grants	57,441	57,444	3
Transfer from intermediate school district:			
Vocational education	18,707	18,851	144
Total State Sources	<u>6,682,900</u>	<u>6,687,768</u>	<u>4,868</u>
Federal Sources			
Title I	38,914	38,475	(439)
Title IIA	17,400	16,570	(830)
Title IV	10,000	10,000	0
Medicaid outreach grant	1,800	1,460	(340)
Cares Act - district COVID costs	9,281	9,281	0
ESSER II	131,762	55,949	(75,813)
Coronavirus relief	263,652	263,652	0
Transfer from intermediate school district:			
MICONNECT Connectivity	19,335	19,336	1
Homeless Students' Assistance	1,516	1,516	0
Total Federal Sources	<u>493,660</u>	<u>416,239</u>	<u>(77,421)</u>
Interdistrict and Other Sources			
County special education tax	329,286	329,287	1
Technology enhancement millage	245,028	245,028	0
Bus Driver Safety	680	680	0
Insurance reimbursements	8,921	8,921	0
Proceeds from sale of capital assets	1,500	1,500	0
Other	6,400	6,400	0
Total Interdistrict and Other Sources	<u>591,815</u>	<u>591,816</u>	<u>1</u>
Total Revenues	<u><u>\$8,796,547</u></u>	<u><u>\$8,739,963</u></u>	<u><u>(\$56,584)</u></u>

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2021*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$957,750	\$716,581	\$158,589
Middle School	579,206	416,495	28,107
High School	756,986	554,111	92,712
Summer School	14,320	7,202	19,835
	<u>2,308,262</u>	<u>1,694,389</u>	<u>299,243</u>
Added Needs:			
Special education	299,590	201,054	5,494
Compensatory education	97,428	52,551	566
Vocational education	53,932	47,091	5,892
	<u>450,950</u>	<u>300,696</u>	<u>11,952</u>
Total Instruction	2,759,212	1,995,085	311,195
Support Services			
Pupil:			
Guidance	94,377	74,683	45
Health	0	0	0
Speech	52,124	37,053	0
Social work services	0	0	0
Other pupil services	67,898	40,187	1,043
	<u>214,399</u>	<u>151,923</u>	<u>1,088</u>
Instructional Staff:			
Improvement of instruction	69,753	51,613	8,314
Library	5,157	3,722	1,624
Technology assisted	26,537	13,814	79,678
Supervision and Direction of Instructional Staff	4,780	2,397	0
	<u>106,227</u>	<u>71,546</u>	<u>89,616</u>
General Administration:			
Board of Education	3,660	285	38,841
Executive administration	150,753	111,330	2,709
	<u>154,413</u>	<u>111,615</u>	<u>41,550</u>
School Administration:			
Office of the principal	235,301	157,591	11,878
Other school administration	0	0	2,780
	<u>235,301</u>	<u>157,591</u>	<u>14,658</u>
Business Administration:			
Fiscal services	132,944	84,886	1,811
Internal services	0	0	380
Other business services	0	0	5,052
	<u>132,944</u>	<u>84,886</u>	<u>7,243</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$28,235	\$22,200	\$0	\$1,883,355	\$1,900,174	\$16,819
39,524	59,071	0	1,122,403	1,058,881	(63,522)
41,461	22,372	26,692	1,494,334	1,516,514	22,180
3,150	0	45	44,552	72,867	28,315
<u>112,370</u>	<u>103,643</u>	<u>26,737</u>	<u>4,544,644</u>	<u>4,548,436</u>	<u>3,792</u>
1,063	995	0	508,196	505,367	(2,829)
7,317	0	0	157,862	168,413	10,551
3,170	8,703	1,430	120,218	121,995	1,777
<u>11,550</u>	<u>9,698</u>	<u>1,430</u>	<u>786,276</u>	<u>795,775</u>	<u>9,499</u>
123,920	113,341	28,167	5,330,920	5,344,211	13,291
805	1,667	0	171,577	177,869	6,292
23	0	0	23	300	277
901	0	0	90,078	91,093	1,015
2,000	0	4,060	6,060	6,268	208
0	0	0	109,128	112,884	3,756
<u>3,729</u>	<u>1,667</u>	<u>4,060</u>	<u>376,866</u>	<u>388,414</u>	<u>11,548</u>
0	0	0	129,680	131,142	1,462
0	0	0	10,503	11,204	701
0	0	0	120,029	113,651	(6,378)
0	0	0	7,177	9,497	2,320
<u>0</u>	<u>0</u>	<u>0</u>	<u>267,389</u>	<u>265,494</u>	<u>(1,895)</u>
0	0	5,443	48,229	49,551	1,322
1,242	1,738	685	268,457	265,323	(3,134)
<u>1,242</u>	<u>1,738</u>	<u>6,128</u>	<u>316,686</u>	<u>314,874</u>	<u>(1,812)</u>
3,321	0	320	408,411	410,507	2,096
3,213	0	0	5,993	7,740	1,747
<u>6,534</u>	<u>0</u>	<u>320</u>	<u>414,404</u>	<u>418,247</u>	<u>3,843</u>
2,043	0	7,883	229,567	232,449	2,882
0	0	0	380	437	57
0	0	195	5,247	5,802	555
<u>2,043</u>	<u>0</u>	<u>8,078</u>	<u>235,194</u>	<u>238,688</u>	<u>3,494</u>

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2021*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Support Services (Concluded)			
Operations Building Services:			
Operations and maintenance	\$75,453	\$61,249	\$239,718
Security services	0	0	74,691
	<u>75,453</u>	<u>61,249</u>	<u>314,409</u>
 Pupil Transportation	 144,535	 82,353	 117,012
 Central Services:			
Communication services	0	0	11,981
Staff services	22,605	16,617	18,861
Technology	225	80	48,338
Pupil accounting	0	0	0
	<u>22,830</u>	<u>16,697</u>	<u>79,180</u>
 Athletics	 <u>93,782</u>	 <u>58,071</u>	 <u>81,196</u>
 Total Support Services	 1,179,884	 795,931	 671,261
 Community Services			
Community Activities	<u>0</u>	<u>0</u>	<u>0</u>
 Total Community Services	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Total Expenditures	 <u><u>\$3,939,096</u></u>	 <u><u>\$2,791,016</u></u>	 <u><u>\$982,456</u></u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$118,868	\$4,348	\$60	\$499,696	\$621,924	\$122,228
0	10,949	0	85,640	86,047	407
<u>118,868</u>	<u>15,297</u>	<u>60</u>	<u>585,336</u>	<u>707,971</u>	<u>122,635</u>
15,989	39,617	1,522	401,028	419,899	18,871
145	0	0	12,126	13,035	909
161	0	0	58,244	60,563	2,319
96	0	7,318	56,057	157,600	101,543
0	0	0	0	150	150
<u>402</u>	<u>0</u>	<u>7,318</u>	<u>126,427</u>	<u>231,348</u>	<u>104,921</u>
<u>3,563</u>	<u>1,895</u>	<u>2,637</u>	<u>241,144</u>	<u>248,419</u>	<u>7,275</u>
152,370	49,265	30,123	2,964,474	3,233,354	268,880
<u>140</u>	<u>0</u>	<u>0</u>	<u>140</u>	<u>140</u>	<u>0</u>
<u>140</u>	<u>0</u>	<u>0</u>	<u>140</u>	<u>140</u>	<u>0</u>
<u>\$276,430</u>	<u>\$162,606</u>	<u>\$58,290</u>	<u>\$8,295,534</u>	<u>\$8,577,705</u>	<u>\$282,171</u>

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

*Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Investment income	\$2,500	\$6,500	\$16,636	\$10,136
Expenditures				
Building improvements services:				
Purchase services	219,000	850,560	715,163	135,397
Capital outlay	808,500	639,500	596,179	43,321
Other	1,500	21,000	20,823	177
Total Expenditures	1,029,000	1,511,060	1,332,165	178,895
Net Change in Fund Balances	(1,026,500)	(1,504,560)	(1,315,529)	189,031
Fund Balance - Beginning of year	4,332,173	4,440,588	4,440,588	0
Fund Balance - End of year	\$4,334,673	\$2,936,028	\$3,125,059	\$189,031

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

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021*

	Special Revenue Funds		Debt Retirement Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	2015 Refunding School Bond	Sinking	
Assets					
Cash and cash equivalents	\$33,131	\$218,085	\$145,050	\$5,937	\$402,203
Accounts receivable	0	372	0	0	372
Due from other governmental units	21,347	0	0	0	21,347
Due from other funds	122,455	0	64,634	226	187,315
Inventory	5,595	0	0	0	5,595
Prepaid expenditures	604	950	0	0	1,554
	<u>\$183,132</u>	<u>\$219,407</u>	<u>\$209,684</u>	<u>\$6,163</u>	<u>\$618,386</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$13,901	\$14,372	\$0	\$0	\$28,273
Unearned revenue	11,470	2,765	0	0	14,235
Due to other funds	0	4,891	0	0	4,891
	<u>25,371</u>	<u>22,028</u>	<u>0</u>	<u>0</u>	<u>47,399</u>
Fund Balances					
Nonspendable:					
Prepaid expenditures	604	950	0	0	1,554
Inventory	5,595	0	0	0	5,595
Restricted for:					
Food service	151,562	0	0	0	151,562
Debt service	0	0	209,684	0	209,684
Capital outlay	0	0	0	6,163	6,163
Committed to:					
Student and school activity	0	196,429	0	0	196,429
	<u>157,761</u>	<u>197,379</u>	<u>209,684</u>	<u>6,163</u>	<u>570,987</u>
Total Fund Balances	<u>157,761</u>	<u>197,379</u>	<u>209,684</u>	<u>6,163</u>	<u>570,987</u>
Total Liabilities and Fund Balances	<u>\$183,132</u>	<u>\$219,407</u>	<u>\$209,684</u>	<u>\$6,163</u>	<u>\$618,386</u>

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

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2021*

	Special Revenue Fund		Debt Retirement Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
			2015		
	Food Service	Student and School Activity	Refunding School Bond	Sinking	
Revenues					
Local sources	\$15,827	\$112,447	\$1,148,115	\$1,949	\$1,278,338
State sources	10,012	0	8,048	3,105	21,165
Federal sources	333,498	0	0	0	333,498
Total Revenues	359,337	112,447	1,156,163	5,054	1,633,001
Expenditures					
Food service	269,179	0	0	0	269,179
Support services	0	98,854	0	0	98,854
Capital outlay	0	0	0	25,093	25,093
Debt service	0	0	1,076,030	0	1,076,030
Total Expenditures	269,179	98,854	1,076,030	25,093	1,469,156
Net Change in Fund Balances	90,158	13,593	80,133	(20,039)	163,845
Fund Balances - Beginning of year, restated	67,603	183,786	129,551	26,202	407,142
Fund Balances - End of year	<u>\$157,761</u>	<u>\$197,379</u>	<u>\$209,684</u>	<u>\$6,163</u>	<u>\$570,987</u>

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

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$128,215	\$15,170	\$15,722	\$552
Interest income	0	50	33	(17)
Other	0	50	72	22
Total Local Sources	128,215	15,270	15,827	557
State Sources:				
Restricted grants	11,839	10,012	10,012	0
Federal Sources:				
Restricted grants	82,532	262,767	313,845	51,078
Commodities	11,809	15,876	19,653	3,777
Total Federal Sources	94,341	278,643	333,498	54,855
Total Revenues	234,395	303,925	359,337	55,412
Expenditures				
Purchases services	122,427	127,424	126,518	906
Supplies and materials	99,535	133,748	132,108	1,640
Capital outlay	0	10,000	7,586	2,414
Other	2,994	2,964	2,967	(3)
Total Expenditures	224,956	274,136	269,179	4,957
Net Change in Fund Balances	9,439	29,789	90,158	60,369
Fund Balance - Beginning of year	64,348	67,603	67,603	0
Fund Balance - End of year	\$73,787	\$97,392	\$157,761	\$60,369

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

*Student and School Activity Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Sources:				
Student and school activities	\$160,000	\$115,000	\$112,447	(\$2,553)
Other Sources:				
Prior period adjustments	0	183,786	0	(183,786)
Total Revenues	160,000	298,786	112,447	(186,339)
Expenditures				
Student and School Activities:				
Student and school activities	160,000	90,000	98,854	(8,854)
Net Change in Fund Balance	0	208,786	13,593	(195,193)
Fund Balance - Beginning of year, restated	0	0	183,786	183,786
Fund Balance - End of year	<u>\$0</u>	<u>\$208,786</u>	<u>\$197,379</u>	<u>(\$11,407)</u>

**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, 2021*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$1,144,582	\$1,134,556	\$1,147,627	\$13,071
Investment income	50	50	488	438
Total Local Sources	1,144,632	1,134,606	1,148,115	13,509
State Sources:				
State payment in lieu of tax	7,805	8,049	8,048	1
Total Revenues	1,152,437	1,142,655	1,156,163	13,510
Expenditures				
Debt service:				
Principal	805,000	805,000	805,000	0
Interest and fiscal charges	269,332	269,332	269,332	0
Other	2,000	1,575	1,698	(123)
Total Expenditures	1,076,332	1,075,907	1,076,030	(123)
Net Change in Fund Balances	76,105	66,748	80,133	13,387
Fund Balance - Beginning of year	133,667	129,551	129,551	0
Fund Balance - End of year	<u>\$209,772</u>	<u>\$196,299</u>	<u>\$209,684</u>	<u>\$13,387</u>

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

*Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$1,675	\$1,675	\$1,913	\$238
Investment income	35	53	36	(17)
Total Local Sources	1,710	1,728	1,949	221
State Sources:				
State payment in lieu of tax	0	3,105	3,105	0
Total Revenues	1,710	4,833	5,054	221
Expenditures				
Capital outlay:				
Purchase services	0	6,215	6,213	2
Capital outlay	4,909	18,880	18,880	0
Total Expenditures	4,909	25,095	25,093	2
Net Change in Fund Balances	(3,199)	(20,262)	(20,039)	223
Fund Balance - Beginning of year	4,909	26,202	26,202	0
Fund Balance - End of year	\$1,710	\$5,940	\$6,163	\$223

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

*Summary of 2020 Tax Levy
Year Ended June 30, 2021*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	17.4572	\$49,788,991	\$869,176
General Fund operating - commercial	5.4572	5,466,952	29,834
2015 Debt Retirement	2.3000	222,362,675	511,434
2015 Debt Retirement - IFT	1.1500	707,690	814
2019 Debt Retirement	2.6300	222,362,675	584,814
2019 Debt Retirement - IFT	1.3150	707,690	931
			1,997,003
Summerfield Township			
General Fund operating - non-homestead	17.4572	366,494	6,398
2015 Debt Retirement	2.3000	2,024,562	4,656
2019 Debt Retirement	2.6300	2,024,562	5,325
			16,379
Riga Township			
General Fund operating - non-homestead	17.4572	668,001	11,661
General Fund operating - commercial	5.4572	731	4
2015 Debt Retirement	2.3000	7,512,144	17,278
2019 Debt Retirement	2.6300	7,512,144	19,757
			48,700
Total			\$2,062,082
Summary			
General Fund operating - non-homestead		50,823,486	\$887,235
General Fund operating - commercial		5,467,683	29,838
2015 Debt Retirement		231,899,381	533,368
2015 Debt Retirement - IFT		707,690	814
2019 Debt Retirement		231,899,381	609,896
2019 Debt Retirement - IFT		707,690	931
			\$2,062,082

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

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2021*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Technology enhancement millage	\$245,028	\$245,028	\$0
Total Revenues	245,028	245,028	0
Expenditures			
Instruction:			
Salaries	1,457	0	1,457
Fringe benefits	526	0	526
Purchase services	12,207	12,118	89
Supplies	900	0	900
Capital outlay	15,125	17,555	(2,430)
Total Instruction	30,215	29,673	(1,441)
Support:			
Salaries	34,802	34,801	1
Fringe benefits	20,259	20,084	175
Purchase services	63,770	67,006	(3,236)
Total Support	118,831	121,891	(3,060)
Total Expenditures	149,046	151,564	(4,501)
Net Change in Fund Balance	95,982	93,464	(4,501)
Restricted for Technology			
Enhancement - Beginning of Year	113,191	168,961	55,770
Total Technology Enhancement - End of Year	\$209,173	\$262,425	\$51,269

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

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2021*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Admissions	\$29,350	\$18,319	\$19,184	\$865
Participation fees	37,110	38,020	38,830	810
Other	1,010	1,660	2,293	633
Total Local Sources	67,470	57,999	60,307	2,308
State Sources:				
Restricted grants	11,131	13,944	13,879	(65)
Total Revenues	<u>\$78,601</u>	<u>\$71,943</u>	<u>\$74,186</u>	<u>\$2,243</u>
Expenditures				
Operations and maintenance:				
Security services				
Purchased services	\$1,500	\$760	\$754	\$6
Pupil Transportation:				
Salaries	4,825	3,919	3,603	316
Employee benefits	2,383	2,056	1,865	191
Other	0	0	976	(976)
Central Services:				
Staff services				
Purchased services	1,670	0	0	0
Athletics:				
Salaries	90,949	93,860	93,782	78
Employee benefits	53,924	61,393	58,071	3,322
Purchased services	94,984	83,942	81,196	2,746
Supplies and materials	6,135	4,787	3,563	1,224
Capital outlay	1,800	1,925	1,895	30
Other	1,981	2,512	2,637	(125)
Total Expenditures	<u>\$260,151</u>	<u>\$255,154</u>	<u>\$248,342</u>	<u>\$6,812</u>

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

*Schedule of Expenditures of Federal Awards
June 30, 2021*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
Cash Assistance:		
National School Lunch Program		
SFSP Operating	200900	\$20,835
Extended SFSP	210904	273,181
		294,016
Noncash Assistance (Commodities)		
National Lunch Program Commodities	10.555	19,653
Total U.S. Department of Agriculture		313,669
<u>U.S. Department of Treasury</u>		
Passed Through State Department of Education:		
COVID 19 - Coronavirus Relief Funds	21.019	263,652
COVID 19 - District COVID Costs	21.019	9,280
Total Passed Through State Dept. of Education		272,932
Passed Through Copper Country Intermediate School District:		
COVID 19 - Coronavirus Relief MiConnect	21.019	19,336
Total U.S. Department of Treasury		292,268
<u>U.S. Department of Education</u>		
Passed Through State Department of Education:		
Title I	201530-1920	35,169
Title I	211530-2021	38,914
		74,083
Title II Part A	200520-1920	23,669
Title II Part A	210520-2021	17,401
		41,070
Title IV Part A	200750-1920	10,000
Title IV Part A	210750-2021	10,000
		20,000
Coronavirus Aid, Relief, and Economic Security Act:		
COVID 19 - ESSER Formula Funds	203710-1920	28,570
COVID 19 - ESSER Formula Funds II	213712-2021	57,449
Total Coronavirus Aid, Relief, and Economic Security Act		86,019
Total Passed Through State Dept. of Education		221,172

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2020	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2021
\$0	\$0	\$20,835	\$20,835	\$0
0	0	293,010	273,181	19,829
0	0	313,845	294,016	19,829
0	14,005	19,653	19,653	0
0	14,005	333,498	313,669	19,829
0	0	263,652	263,652	0
0	0	9,280	9,280	0
0	0	272,932	272,932	0
0	0	19,336	19,336	0
0	0	292,268	292,268	0
0	34,347	0	0	0
0	0	38,475	38,475	0
0	34,347	38,475	38,475	0
0	16,786	0	0	0
0	0	16,570	16,570	0
0	16,786	16,570	16,570	0
0	10,000	0	0	0
0	0	10,000	10,000	0
0	10,000	10,000	10,000	0
28,570	0	0	28,570	0
0	0	55,949	0	55,949
28,570	0	55,949	28,570	55,949
28,570	61,133	120,994	93,615	55,949

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

*Schedule of Expenditures of Federal Awards
June 30, 2021*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education (Concluded)</u>		
Passed Through Monroe County Intermediate School District:		
Homeless Students' Assistance	202320-1920	\$6,552
Homeless Students' Assistance	212320-2021	1,516
Total Passed Through Monroe County Intermediate School District		8,068
Total U.S. Department of Education		229,240
<u>U.S. Department of Health and Human Services</u>		
Passed Through Monroe County Intermediate School District:		
Medicaid Outreach	93.778	1,461
Total Federal Financial Assistance		\$836,638

See accompanying notes to this schedule.

Accrued (Deferred) Revenue July 1, 2020	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2021
\$0	\$6,552	\$0	\$0	\$0
0	0	1,516	1,516	0
0	6,552	1,516	1,516	0
28,570	67,685	122,510	95,131	55,949
0	2,259	1,461	1,461	0
\$28,570	\$83,949	\$749,737	\$702,529	\$75,778

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021*

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Whiteford Agricultural Schools under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Whiteford Agricultural Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Whiteford Agricultural Schools.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement.
3. Whiteford Agricultural Schools has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.
5. There were no federal awards expended for loan or loan guarantee programs.
6. Whiteford Agricultural Schools does not have any subrecipients.
7. The amounts reported on the Grant Section Auditors Report reconcile with this schedule.
8. The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with this schedule for USDA donated food commodities and are reported in the cash receipts column.
9. Revenues from federal sources are reported in the School District's financial statements as follows:

General Fund	\$416,239
Food Service Fund	<u>333,498</u>
	<u><u>\$749,737</u></u>

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Board of Education

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

Very truly yours,



October 6, 2021

October 6, 2021

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, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 7, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whiteford Agricultural Schools are described in Note 2 to the financial statements. During the fiscal year ended June 30, 2021, the School District implemented GASB 84, *Fiduciary Activities* and GASB 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. 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.

Management's estimates of the net pension and OPEB liabilities are based on actuarial valuations and other financial data. We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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. During the course of our audit procedures, there were no misstatements, either individually or in the aggregate, to the financial statements taken as a whole that came to our attention that needed to be corrected.

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 6, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

To the Board of Education

We were engaged to report on the other supplementary information, as identified in the table of contents, 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,

Cooly Hill Jahn + Calkins