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Members:
American Institute of Certified Public Accountants
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Certified Public Accountants

October 29, 2010

To the Board of Directors
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, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 31, 2010. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whiteford Agricultural Schools are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

To the Board of Directors
Whiteford Agricultural Schools

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Qualitative Aspects of Accounting Practices (concluded)

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2010.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

Cooley Hebel Washburn & Carlton



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Board of Education

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 significant deficiency is a deficiency, or 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. 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

The following comments are not significant deficiencies or material weaknesses but suggestions to improve your existing accounting and control systems.

Athletic Revenue

During the audit, we noted that ticket sale reconciliations were performed for only half of the year and no reconciliation exists for pay to participate fees. Each athletic event's gate revenue should be reconciled with ticket sales following the event. Pay to participant fees should be reconciled each season for all individual athletic teams. The athletic department did not effectively monitor, track, and reconcile gate revenue and participation fees. Due to the lack of revenue reconciliations and the inherent risks of cash, the possibility of misappropriation of assets exists. The ticket sale reconciliations should account for beginning and ending ticket numbers, any gaps in ticket number sequence, the total tickets sold, and the total revenue collected. The gate revenue reconciliation should be performed prior to the timely bank deposit. The athletic department should track pay to participate fees for all athletic teams for the entire year. This reconciliation should be performed for each team and include the number of participating student athletes, total revenue collected, and any fee waivers/discounts awarded. If the District has further questions regarding the implementation of internal controls, we would be happy to assist.

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

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Food Service Budget

The District adopts a budget for each fund at the beginning of the fiscal year. Throughout the fiscal year, the budget needs to be amended to allow for expenditures that are higher than originally anticipated and for unexpected expenditures.

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,

Codley Held Wolgamuth & Carlton

October 29, 2010

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

ANNUAL FINANCIAL REPORT
June 30, 2010

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

*School Board Members
June 30, 2010*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Holly Bunge	President	6/30/2011
Dan Martin	Vice-President	6/30/2013
Karen Miller	Secretary	6/30/2011
Michelle Wing	Treasurer	6/30/2014
Rob Schnipke	Trustee	6/30/2012
Christine Bischoff	Trustee	6/30/2014
Tracy Malhoit	Trustee	6/30/2012

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

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June 30, 2010*

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

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 on our consideration of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 34 through 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Cooley Hehl Wohlgamuth & Carlton

October 29, 2010



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

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

We have audited 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, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whiteford Agricultural School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Whiteford Agricultural School's internal control over financial reporting.

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

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

Board of Education

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

Compliance and Other Matters

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

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

Cooley Hehl Wohlzarth & Carlton

October 29, 2010

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

*Management's Discussion and Analysis
Year Ended June 30, 2010*

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, 2010. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Funds, and Debt Service Funds.

Using this Annual Report

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

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

Basic Financial Statements

District-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

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

Other Supplemental Information

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

*Management's Discussion and Analysis
Year Ended June 30, 2010*

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

*Management's Discussion and Analysis
Year Ended June 30, 2010*

District-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2010 and 2009.

Table 1

Comparative Statement of Net Assets

	June 30, 2010	June 30, 2009
Current and other assets	\$2,227,269	\$2,287,276
Capital assets	7,202,262	7,418,817
Total Assets	9,429,531	9,706,093
Current and other liabilities	981,465	999,237
Long-term liabilities	7,086,966	7,355,638
Total Liabilities	8,068,431	8,354,875
Net Assets		
Invested in capital assets, net of related debt	98,640	105,530
Restricted for technology enhancement	242,503	266,182
Restricted for debt service	182,880	199,548
Unrestricted	837,077	799,958
Total Net Assets	\$1,361,100	\$1,351,218

As depicted in Table 1, the School District's net assets were \$1,361,100 at June 30, 2010. Of this amount, \$837,077 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities (compensated absences for example), we would have \$837,077 left. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal years ended June 30, 2010 and 2009.

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

*Management's Discussion and Analysis
Year Ended June 30, 2010*

District-Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Assets

	June 30, 2010	June 30, 2009
Revenues		
Program revenues:		
Charges for services	\$204,275	\$209,333
State grants and other revenue	608,679	516,646
Federal grants	368,289	360,488
	1,181,243	1,086,467
General revenues:		
Property taxes	1,659,180	1,649,328
State foundation allowance	3,979,403	4,161,429
Other general revenues	36,779	56,855
	5,675,362	5,867,612
Total Revenues	6,856,605	6,954,079
 Functions/Program Expenses		
Instruction	3,718,139	3,886,211
Support services	2,197,581	2,234,204
Athletics	158,502	149,849
Food service	210,065	219,148
Interest on long-term debt	345,881	355,339
Depreciation	216,555	231,527
	6,846,723	7,076,278
Total Expenses	6,846,723	7,076,278
 Increase (Decrease) in Net Assets	\$9,882	(\$122,199)

As indicated in Table 2, the cost of *all governmental* activities this year was \$6,846,723. Of this amount, \$1,181,243 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net assets this year of \$9,882. Reasons for this increase include: decrease in instruction costs of \$168,072 and a reduction in support services of \$36,623. A reconciliation of the change in fund balances to the change in net assets appears on page 18.

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

*Management's Discussion and Analysis
Year Ended June 30, 2010*

Fund Financial Analysis

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$1,572,232, which is a decrease of \$8,667 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund balances - Beginning of year	\$1,381,351	\$199,548	\$1,580,899
Increase (decrease)	<u>8,001</u>	<u>(16,668)</u>	<u>(8,667)</u>
Fund balances – End of year	<u><u>\$1,389,352</u></u>	<u><u>\$182,880</u></u>	<u><u>\$1,572,232</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.

Revenues	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percent Change</u>
Local sources	\$958,464	\$968,168	(1.0)%
State sources	4,301,063	4,465,819	(3.7)%
Federal sources	303,784	314,098	(3.3)%
Interdistrict and other sources	<u>497,977</u>	<u>437,330</u>	13.9 %
	<u><u>\$6,061,288</u></u>	<u><u>\$6,185,412</u></u>	(2.0)%

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

*Management's Discussion and Analysis
Year Ended June 30, 2010*

Fund Financial Analysis – Concluded

Expenditures	June 30, 2010	June 30, 2009	Percent Change
Instruction	\$3,733,155	\$3,900,413	(4.3)%
Support services	2,201,335	2,237,755	(1.6)%
Operating transfers out	118,797	124,938	(4.9)%
	<u>\$6,053,287</u>	<u>\$6,263,106</u>	(3.4)%

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:

Revenues – The original budget for revenues was \$5,922,626 versus the final budget of \$6,058,823, an increase of \$136,197. Major components of revenue and the original versus final projections are discussed below.

- Adjust for state aid proration. Original budget reflected blended count of 720.06 FTE's at \$7,343/pupil; final budget reflects actual blended count of 720.28 FTE's at \$7,178/pupil, a decrease in the foundation allocation of \$165/pupil for a total of \$118,846. (In July, the decrease in the foundation allocation was re-adjusted by the state to \$154/pupil for a total of \$110,923.)
- Adjust for increase in Title I allocation of \$35,532, Title I carryover of \$38,294, and new allocation for Title I ARRA in the amount of \$26,449.
- Adjustment of \$29,957 for At Risk allocation and carryover.
- Adjustment of \$22,875 for Title II Part A Carryover.
- Increase of \$24,254 in Special Ed Headlee funds and \$56,838 in Special Ed funds received through the ISD.

Expenditures – The original budget for expenditures was \$6,519,502 compared to the final budget of \$6,439,109; a decrease of \$80,393. There was movement among many of the budget expenditure lines; however most were not significant.

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$6,061,288 versus a budget of \$6,058,823; a difference of \$2,465.

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

*Management's Discussion and Analysis
Year Ended June 30, 2010*

Final Budget versus Actual Figures (concluded)

Expenditures – Final budget for expenditures was \$6,439,109 compared to actual expenditures of \$6,053,287. This difference is mainly attributed to the following.

- Instructional expenditures for basic programs were \$147,566 less than budgeted. This amount was covered by Federal ARRA Stabilization funds.
- Business Services expenses were \$14,628 less than budgeted. The expenses for the cooperative agreement for shared business office services was less than anticipated as well as the state aid note expense.
- Approximately \$83,000 in grant funds budgeted were not spent and will become carryover in FY 11
- Approximately \$22,000 technology millage funds budgeted were not spent and will become carryover in FY 11.
- Buildings, grounds, and maintenance expenses were approximately \$46,000 less than budgeted.
- Transportation expenses were \$30,017 less than budgeted.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2010 the School District had \$10,866,295 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, furniture and equipment. The District did not have any additions or disposals. Depreciation for this year totaled \$216,555. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2010, the School District had \$7,415,856 in outstanding bonds. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

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

Development of the 2010-11 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2010-11 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 2011 fiscal year is 25 percent of the February 2010 and 75 percent of the September 2010 student counts. The 2010-11 budget was adopted June 14, 2010. The budget was set assuming total proration to the state foundation allowance of \$283/pupil, and used a blended enrollment of 703 students which is approximately 16 FTE's less than the previous year's actual figure. Approximately 86% of total revenue is from the foundation allowance and property tax levy.

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

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

*Management's Discussion and Analysis
Year Ended June 30, 2010*

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 LENA WEE, MICHIGAN**

*Statement of Net Assets
June 30, 2010*

	Governmental Activities
Assets	
Cash and cash equivalents	\$1,314,883
Accounts/taxes receivable	10,767
Due from other governmental units	889,412
Inventories	1,997
Prepaid expenses	10,210
Capital assets, net	7,202,262
Total Assets	9,429,531
Liabilities	
Accounts payable	53,853
Salaries payable	328,143
Other liabilities	191,925
Accrued interest payable	51,191
State aid note payable	80,000
Deferred revenue	1,116
Long-term liabilities:	
Due within one year	275,237
Due in more than one year	7,358,344
Plus:	
Unamortized premium on bonds	36,076
Less:	
Unamortized bond issuance costs	(79,891)
Unamortized advanced amount on refunding	(227,563)
Total Liabilities	8,068,431
Net Assets	
Invested in capital assets, net of related debt	98,640
Restricted for technology enhancement	242,503
Restricted for debt service	182,880
Unrestricted	837,077
Total Net Assets	\$1,361,100

See accompanying notes to the basic financial statements

FUND FINANCIAL STATEMENTS

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

*Governmental Funds
Balance Sheet
June 30, 2010*

	General	Other Nonmajor Governmental Funds	Totals
Assets			
Cash and cash equivalents	\$1,132,543	\$182,340	\$1,314,883
Accounts/taxes receivable	4,953	5,814	10,767
Due from other governmental units	888,355	1,057	889,412
Due from other funds	0	10,767	10,767
Inventory	0	1,997	1,997
Prepaid expense	9,537	673	10,210
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$2,035,388</u>	<u>\$202,648</u>	<u>\$2,238,036</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$35,319	\$18,534	\$53,853
Salaries payable	327,398	745	328,143
Other liabilities	191,436	489	191,925
State aid note payable	80,000	0	80,000
Deferred revenue	1,116	0	1,116
Due to other funds	10,767	0	10,767
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	646,036	19,768	665,804
Fund Balances			
Reserved for prepaid expenses	9,537	0	9,537
Reserved for technology enhancement	242,503	0	242,503
Reserved for debt service	0	182,880	182,880
Unreserved - undesignated	1,137,312	0	1,137,312
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,389,352</u>	<u>182,880</u>	<u>1,572,232</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$2,035,388</u>	<u>\$202,648</u>	<u>\$2,238,036</u>

See accompanying notes to the basic financial statements

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

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Year Ended June 30, 2010*

Total Fund Balances - Governmental Funds		\$1,572,232
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
Cost of the capital assets	\$10,866,295	
Accumulated depreciation	(3,664,033)	
		7,202,262
<p>Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Bonds payable	(7,415,856)	
Compensated absences/severance compensation	(217,725)	
Accrued interest	(51,191)	
Premium amortized over the life of the bonds	(36,076)	
Issuance costs amortized over the life of the bonds	79,891	
Advanced amount on refunding amortized over the life of the bonds	227,563	
		(7,413,394)
Total Net Assets - Governmental Activities		\$1,361,100

See accompanying notes to the basic financial statements

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

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2010*

	General	Other Nonmajor Governmental Funds	Totals
Revenues			
Local sources	\$958,464	\$711,421	\$1,669,885
State sources	4,301,063	16,023	4,317,086
Federal sources	303,784	64,505	368,289
Interdistrict and other sources	497,977	0	497,977
Total Revenues	6,061,288	791,949	6,853,237
Expenditures			
Instruction	3,733,155	0	3,733,155
Support services	2,201,335	368,567	2,569,902
Debt service	0	558,847	558,847
Total Expenditures	5,934,490	927,414	6,861,904
Excess (Deficiency) of Revenues Over Expenditures	126,798	(135,465)	(8,667)
Other Financing Sources (Uses)			
Operating transfers in	0	118,797	118,797
Operating transfers out	(118,797)	0	(118,797)
Total Other Financing Sources (Uses)	(118,797)	118,797	0
Net Change in Fund Balances	8,001	(16,668)	(8,667)
Fund Balances - Beginning of year	1,381,351	199,548	1,580,899
Fund Balances - End of year	<u>\$1,389,352</u>	<u>\$182,880</u>	<u>\$1,572,232</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, 2010*

Total Net Change in Fund Balances - Governmental Funds (\$8,667)

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	<u>(\$216,555)</u>	(216,555)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		239,999
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Governmental funds report issuance costs, the advanced amount on refunding, and the bond premium when debt is first issued, but these costs increase long-term liabilities in the statement of net assets and these amounts are amortized over the life of the bonds.		(25,335)
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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		1,670
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Decreases in the liability for compensated absences are reported as expenditures in the statement of activities, but not in the governmental funds		<u>18,770</u>
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Change in Net Assets of Governmental Activities \$9,882

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

*Fiduciary Fund
Statement of Fiduciary Net Assets
June 30, 2010*

	<u>Agency Fund</u>
	<u>Student Activities</u>
Assets	
Cash and certificates of deposit	<u>\$109,572</u>
Liabilities	
Due to student groups	<u>\$109,572</u>

See accompanying notes to the basic financial statements

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 1 Description of the School District and Reporting Entity

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

Reporting Entity

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

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

Note 2 Summary of Significant Accounting Policies

The financial statements of the School District, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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

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

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

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

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

The School District reports the following major governmental fund:

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

The School District reports the following nonmajor governmental funds:

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

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets or Equity

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

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

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

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 2 Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Concluded)

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

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

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

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

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 2

Summary of Significant Accounting Policies (Continued)

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

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

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

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 2 Summary of Significant Accounting Policies (Concluded)

F. Budgetary Policies (Concluded)

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

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

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

- G. Subsequent Events – The School District’s management evaluated subsequent events from June 30, 2010 through October 29, 2010, the date the financial statements were available to be issued.

Note 3 Stewardship, Accountability and Compliance

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

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

During the year ended June 30, 2010, the School District incurred expenditures in a budgetary function which was in excess of the amounts appropriated. There were no deficit fund balances for any of the School District’s funds required to be budgeted.

Note 4 Deposits and Investments

As of June 30, 2010, the School District’s deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Huntington Bank, U.S. Bank, and Michigan School District Liquid Asset Fund Plus.

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

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 4 Deposits and Investments (Concluded)

- B. Credit risk. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.
- C. Concentration of credit risk. The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.
- D. Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$1,543,826 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$750,000. Additionally, financial institutions can elect to participate in the FDIC sponsored transaction account guarantee program that provides depositors with unlimited coverage for non-interest bearing transaction accounts and transaction accounts that earn interest at a rate of 0.5% or less. At June 30, 2010, the School District has an additional \$286,691 in deposits insured through this program. Uninsured deposits are \$507,135.
- E. Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by; limiting investments to the types of securities listed in the School District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

The School District voluntarily invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the Securities Exchange Commission. MILAF reports that as of June 30, 2010, the fair value of the School District's investments is the same as the value of the pool shares. As of June 30, 2010, \$81,631 was held with MILAF.

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

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Capital assets being depreciated:				
Land improvements	416,181	0	0	416,181
Buildings and building improvements	9,802,249	0	0	9,802,249
Machinery and equipment	128,425	0	0	128,425
Vehicles	497,527	0		497,527
 Total capital assets	 10,866,295	 0	 0	 10,866,295
 Less Accumulated Depreciation:				
Land improvements	(132,056)	(20,265)	0	(152,321)
Buildings and building improvements	(2,729,065)	(176,378)	0	(2,905,443)
Machinery and equipment	(120,010)	(3,672)	0	(123,682)
Vehicles	(466,347)	(16,240)		(482,587)
 Total accumulated depreciation	 (3,447,478)	 (216,555)	 0	 (3,664,033)
 Net capital assets	 \$7,418,817	 (\$216,555)	 \$0	 \$7,202,262

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

Note 6 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

Due From	Due To		
	Athletics Fund	Food Service Fund	Total
General Fund	\$3,126	\$7,641	\$10,767

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

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 6 Interfund Payables, Receivables, and Transfers (Concluded)
Interfund transfers at June 30, 2010, consisted of the following:

	<u>Transfers Out General Fund</u>
<u>Transfers In:</u>	
Athletics Fund	\$ 93,400
Food Service Fund	<u>25,397</u>
	<u>\$118,797</u>

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

Note 7 Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

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

B. Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 16.54 percent for the period July 1, 2009 through September 30, 2009 and was 16.94 percent for the period October 1, 2009 through June 30, 2010 of the covered payroll to the plan. Basic plan members make no contributions, but member investment plan (MIP) members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School's contributions to the MPSERS pension plan for the years ended June 30, 2010, 2009, and 2008 were \$601,104, \$604,857, and \$694,676, respectively.

C. Postemployment Benefits

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

Note 8 Enhancement Millage for Technology

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 2, 2006, at 0.9866 mill for an additional five years, 2007 to 2011. 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, 2010*

Note 9 Short-Term Debt Activity

The School District has various options for short-term financing including tax anticipation notes, state aid anticipation notes, and lines of credit. The School District entered into a short-term financing arrangement during the fiscal year ended June 30, 2010. This arrangement was for a state aid anticipation note, secured against the state aid fund allowance, through the Michigan Municipal Bond Authority. Short-term debt activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$107,143</u>	<u>\$800,000</u>	<u>\$827,143</u>	<u>\$80,000</u>

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

Note 10 Long-Term Debt

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

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2010</u>	<u>Due in One Year</u>
School Improvement Bonds					
Series 1998	\$ 45,855	\$ -	\$ 4,999	\$ 40,856	\$ 5,237
2001 School Bonds	390,000	-	180,000	210,000	210,000
2005 Refunding Bonds	<u>7,220,000</u>	-	<u>55,000</u>	<u>7,165,000</u>	<u>60,000</u>
	7,655,855	-	239,999	7,415,856	275,237
Compensated absences payable	<u>236,495</u>	-	<u>18,770</u>	<u>217,725</u>	<u>0</u>
	<u>\$7,892,350</u>	<u>\$ -</u>	<u>\$258,769</u>	<u>\$7,633,581</u>	<u>\$275,237</u>

On October 5, 2005, the School issued \$7,405,000 in general obligation bonds with an average interest rate of 4.14 percent to advance refund \$7,070,000 of outstanding 2001 Series bonds with an average interest rate of 5.04 percent. The net proceeds of \$7,342,778 (after payment of \$113,454 in underwriting fees, insurance, and other issuance costs) plus an additional \$50,387 of 2001 Bond Debt Fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 Series bonds. As a result, the 2001 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$323,165. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2027 using an effective-interest method. The School completed the advance refunding to reduce its total debt service payments over the next 22 years by \$600,511 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$314,183.

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

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 10 Long-Term Debt (Continued)

School Improvement Bonds, Series 1998 - Interest rate 4.8%

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

<u>Fiscal Year</u>	<u>Interest Requirements May 1</u>	<u>Bond Maturities May 1</u>	<u>Total Requirements</u>
2011	\$784	\$5,237	\$6,021
2012	10,582	29,872	40,454
2013	274	5,747	6,021
	<u>\$11,640</u>	<u>\$40,856</u>	<u>\$52,496</u>

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

These bonds were approved by the voters of the School District on March 20, 2001. The proceeds are to be used for erecting, furnishing and equipping an addition to the elementary school; partially remodeling, refurbishing and reequipping the elementary and middle high schools; and developing and improving the school site. The bonds are to be paid by an annual property tax millage. On October 5, 2005, certain bonds totaling \$7,070,000 were defeased by the 2005 bond issue. The principal and interest requirements to retire the remaining 2001 bonds are as follows:

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond Maturities</u>	<u>Total Requirements</u>
	<u>November 1</u>	<u>May 1</u>	<u>May 1</u>	
2011	<u>\$4,725</u>	<u>\$4,725</u>	<u>\$210,000</u>	<u>\$219,450</u>

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 10 Long-Term Debt (Concluded)

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

These bonds dated November 1, 2005, were issued to defease \$7,070,000 of the 2001 School Building and Site Bonds. The bonds are to be paid by an annual property tax millage. The principal and interest requirements to retire the 2005 bonds are as follows:

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond</u>	<u>Total</u>
	<u>November 1</u>	<u>May 1</u>	<u>Maturities</u> <u>May 1</u>	
2011	\$148,847	\$148,847	\$60,000	\$357,694
2012	147,797	147,797	300,000	595,594
2013	141,797	141,797	330,000	613,594
2014	133,547	133,547	350,000	617,094
2015	124,797	124,797	365,000	614,594
2016	117,497	117,497	380,000	614,994
2017	109,897	109,897	400,000	619,794
2018	101,897	101,897	415,000	618,794
2019	93,597	93,597	430,000	617,194
2020	84,997	84,997	450,000	619,994
2021	75,997	75,997	465,000	616,994
2022	66,697	66,697	485,000	618,394
2023	56,997	56,997	505,000	618,994
2024	46,644	46,644	525,000	618,288
2025	35,816	35,816	545,000	616,632
2026	24,508	24,508	570,000	619,016
2027	12,537	12,537	590,000	615,074
	<u>\$1,523,866</u>	<u>\$1,523,866</u>	<u>\$7,165,000</u>	<u>\$10,212,732</u>

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u> <u>Requirements</u>
2011	\$307,928	\$275,237	\$583,165
2012	306,176	329,872	636,048
2013	283,868	335,747	619,615
2014	267,094	350,000	617,094
2015	249,594	365,000	614,594
2016-2020	1,015,770	2,075,000	3,090,770
2021-2025	564,302	2,525,000	3,089,302
2026-2027	74,090	1,160,000	1,234,090
	<u>\$3,068,822</u>	<u>\$7,415,856</u>	<u>\$10,484,678</u>

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 11 Lease Commitments – Operating Leases

The School District has, as of June 30, 2010, contractual agreements specifying the following annual lease payment obligations:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 56,099
2012	21,615
2013	18,988
2014	<u>11,107</u>
	<u>\$107,809</u>

Note 12 Property Taxes

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2009 property taxes were levied on December 1, 2009 on assessed valuations as of December 31, 2008. Taxes were collected beginning December 1, 2009 and payments were due by February 14, 2010. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2009 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$50,042,387	18.0000	\$ 900,763
Commercial	5,338,795	6.0000	32,033
2001 Debt Retirement Fund:			
Regular	210,065,214	2.5500	536,271
IFT	3,174,600	1.2750	<u>4,048</u>
Total			<u>\$1,473,115</u>

Note 13 Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2010, the School District incurred claims of \$9,800.

Note 14 Cafeteria Contract

During the fiscal year ended June 30, 2010, the School District contracted with Sodexo Management, Inc. (Sodexo) to cover all cafeterias within the School District. Pursuant to this agreement, Sodexo manages the food service operations of the School District. All costs of Sodexo have been reflected in the financial statements of the Food Service Fund.

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

*Notes to Financial Statements
Year Ended June 30, 2010*

Note 15 Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, 2010.

B. Litigation

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

Note 16 Risk Management and Insurance Pool

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

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

Note 17 Governmental Regulation

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

REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2010*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$945,059	\$948,375	\$958,464	\$10,089
State sources	4,551,201	4,258,082	4,301,063	42,981
Federal sources	45,566	386,479	303,784	(82,695)
Interdistrict and other sources	380,800	465,887	497,977	32,090
Total Revenues	5,922,626	6,058,823	6,061,288	2,465
Expenditures				
Instruction:				
Basic programs	3,312,666	3,384,466	3,236,900	147,566
Added needs	563,868	565,585	496,255	69,330
Support services:				
Pupil	262,323	276,571	273,537	3,034
Instructional staff	161,895	183,528	130,131	53,397
General administration	243,570	245,750	240,648	5,102
School administration	475,442	432,375	425,110	7,265
Business administration	123,332	105,417	89,642	15,775
Operation and maintenance	765,046	642,206	596,234	45,972
Pupil transportation	440,838	410,630	380,613	30,017
Central services	69,955	73,046	65,420	7,626
Total Expenditures	6,418,935	6,319,574	5,934,490	385,084
Excess (Deficiency) of Revenues Over Expenditures	(496,309)	(260,751)	126,798	387,549
Other Financing Sources (Uses)				
Operating transfer out	(100,567)	(119,535)	(118,797)	738
Net Change in Fund Balances	(596,876)	(380,286)	8,001	388,287
Fund Balances - Beginning of year	1,108,080	1,381,351	1,381,351	0
Fund Balances - End of year	<u>\$511,204</u>	<u>\$1,001,065</u>	<u>\$1,389,352</u>	<u>\$388,287</u>

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

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2010*

	Final Budget	Actual	Positive (Negative) Budget
Local Sources			
Property taxes	\$934,534	\$937,380	\$2,846
Tuition	4,136	4,136	0
Earnings on investments	3,000	3,730	730
Contributions	3,050	3,909	859
Other revenue	3,655	9,309	5,654
Total Local Sources	948,375	958,464	10,089
State Sources			
Unrestricted grants:			
Proposal A obligation	2,832,538	2,851,776	19,238
Discretionary payment	1,101,495	1,118,439	16,944
Declining enrollment	9,186	9,188	2
Restricted grants:			
Special education-Headlee obligation	248,346	272,591	24,245
At risk	58,957	41,166	(17,791)
Transfer from intermediate school district:			
Vocational education added costs	7,560	7,903	343
Total State Sources	4,258,082	4,301,063	42,981
Federal Sources			
Title I	93,946	51,462	(42,484)
Title I ARRA	26,449	26,449	0
Title II	46,420	5,181	(41,239)
ARRA State fiscal stabilization fund	206,519	206,519	0
Medicaid outreach grant	11,627	12,655	1,028
Transfer from intermediate school district:			
Tech Prep Education	604	604	0
Safe and Drug Free Schools	914	914	0
Total Federal Sources	386,479	303,784	(82,695)
Interdistrict and Other Sources			
Transfer from intermediate school district:			
County special education tax	251,838	270,996	19,158
Technology enhancement millage	174,000	186,932	12,932
Cooperative program	27,968	27,968	0
Insurance reimbursements	12,081	12,081	0
Total Interdistrict and Other Sources	465,887	497,977	32,090
Total Revenues	\$6,058,823	\$6,061,288	\$2,465

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2010*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$804,626	\$385,612	\$35,577
Middle School	450,232	227,673	7,146
High School	777,115	390,614	26,518
	<u>2,031,973</u>	<u>1,003,899</u>	<u>69,241</u>
Added Needs:			
Special education	242,823	114,469	7,579
Compensatory education	49,738	12,303	0
Vocational education	38,869	20,919	1,606
	<u>331,430</u>	<u>147,691</u>	<u>9,185</u>
Total Instruction	2,363,403	1,151,590	78,426
Support Services			
Pupil:			
Guidance	109,475	44,442	140
Health	0	0	182
Speech	64,035	26,401	55
Other pupil services	19,812	5,339	0
	<u>193,322</u>	<u>76,182</u>	<u>377</u>
Instructional Staff:			
Improvement of instruction	800	196	5,086
Library	23,495	5,810	898
Technology assisted	37,397	14,158	10,765
	<u>61,692</u>	<u>20,164</u>	<u>16,749</u>
General Administration:			
Board of Education	3,180	258	30,762
Executive administration	135,919	61,761	4,752
	<u>139,099</u>	<u>62,019</u>	<u>35,514</u>
School Administration:			
Office of the principal	269,666	145,096	4,529
Other school administration	0	0	133
	<u>269,666</u>	<u>145,096</u>	<u>4,662</u>
Business Administration:			
Fiscal services	6,567	10,202	110
Other business services	0	0	7,269
	<u>6,567</u>	<u>10,202</u>	<u>7,379</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$19,356	\$41,112	\$0	\$1,286,283	\$1,319,456	\$33,173
3,941	23,494	760	713,246	796,347	83,101
14,217	25,738	3,169	1,237,371	1,268,663	31,292
<u>37,514</u>	<u>90,344</u>	<u>3,929</u>	<u>3,236,900</u>	<u>3,384,466</u>	<u>147,566</u>
2,945	0	0	367,816	392,057	24,241
0	0	0	62,041	103,790	41,749
5,004	0	0	66,398	69,738	3,340
<u>7,949</u>	<u>0</u>	<u>0</u>	<u>496,255</u>	<u>565,585</u>	<u>69,330</u>
45,463	90,344	3,929	3,733,155	3,950,051	216,896
188	0	0	154,245	159,041	4,796
86	0	0	268	800	532
528	0	0	91,019	89,264	(1,755)
0	0	2,854	28,005	27,466	(539)
<u>802</u>	<u>0</u>	<u>2,854</u>	<u>273,537</u>	<u>276,571</u>	<u>3,034</u>
47	0	0	6,129	42,675	36,546
3,044	0	0	33,247	33,969	722
3,459	11,862	13,114	90,755	106,884	16,129
<u>6,550</u>	<u>11,862</u>	<u>13,114</u>	<u>130,131</u>	<u>183,528</u>	<u>53,397</u>
185	0	2,462	36,847	40,831	3,984
729	120	520	203,801	204,919	1,118
<u>914</u>	<u>120</u>	<u>2,982</u>	<u>240,648</u>	<u>245,750</u>	<u>5,102</u>
2,602	1,149	1,134	424,176	431,375	7,199
801	0	0	934	1,000	66
<u>3,403</u>	<u>1,149</u>	<u>1,134</u>	<u>425,110</u>	<u>432,375</u>	<u>7,265</u>
852	0	52,119	69,850	79,777	9,927
0	0	12,523	19,792	25,640	5,848
<u>852</u>	<u>0</u>	<u>64,642</u>	<u>89,642</u>	<u>105,417</u>	<u>15,775</u>

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2010*

(Concluded)	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Support Services			
Operation and maintenance	\$227,894	\$139,901	\$82,457
Pupil transportation	188,167	79,913	64,204
Central Services:			
Communication services	4,010	992	6,476
Staff services	0	0	5,466
Technology	24,441	11,237	6,866
	<u>28,451</u>	<u>12,229</u>	<u>18,808</u>
Total Support Services	<u>1,114,858</u>	<u>545,706</u>	<u>230,150</u>
Total Expenditures	3,478,261	1,697,296	308,576
Other Financing Uses			
Fund modifications:			
Operating transfer out:			
Transfer to Athletics	0	0	0
Transfer to Food Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures and Other Financing Uses	<u>\$3,478,261</u>	<u>\$1,697,296</u>	<u>\$308,576</u>

<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Expenses</u>	<u>Totals</u>	<u>Final Budget</u>	<u>Positive (Negative) Budget</u>
\$144,852	\$0	\$1,130	\$596,234	\$642,206	\$45,972
47,769	0	560	380,613	410,630	30,017
426	0	0	11,904	14,938	3,034
146	0	330	5,942	9,116	3,174
0	0	5,030	47,574	48,992	1,418
<u>572</u>	<u>0</u>	<u>5,360</u>	<u>65,420</u>	<u>73,046</u>	<u>7,626</u>
<u>205,714</u>	<u>13,131</u>	<u>91,776</u>	<u>2,201,335</u>	<u>2,369,523</u>	<u>168,188</u>
251,177	103,475	95,705	5,934,490	6,319,574	385,084
0	0	93,400	93,400	98,935	5,535
<u>0</u>	<u>0</u>	<u>25,397</u>	<u>25,397</u>	<u>20,600</u>	<u>(4,797)</u>
<u>0</u>	<u>0</u>	<u>118,797</u>	<u>118,797</u>	<u>119,535</u>	<u>738</u>
<u>\$251,177</u>	<u>\$103,475</u>	<u>\$214,502</u>	<u>\$6,053,287</u>	<u>\$6,439,109</u>	<u>\$385,822</u>

OTHER SUPPLEMENTAL INFORMATION

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

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010*

	Special Revenue Funds		Debt Retirement Funds		Total Nonmajor Governmental Funds
	Athletics	Food Service	2001 School Bond	Durant	
Assets					
Cash and cash equivalents	\$1,315	\$868	\$180,157	\$0	\$182,340
Accounts/taxes receivable	600	2,491	2,723	0	5,814
Due from other governmental units	0	1,057	0	0	1,057
Due from other funds	3,126	7,641	0	0	10,767
Inventory	0	1,997	0	0	1,997
Prepaid expenses	75	598	0	0	673
Total Assets	\$5,116	\$14,652	\$182,880	\$0	\$202,648
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$4,371	\$14,163	\$0	\$0	\$18,534
Salaries payable	745	0	0	0	745
Other liabilities	0	489	0	0	489
Total Liabilities	5,116	14,652	0	0	19,768
Fund Balances					
Reserved for debt service	0	0	182,880	0	182,880
Total Fund Balances	0	0	182,880	0	182,880
Total Liabilities and Fund Balances	\$5,116	\$14,652	\$182,880	\$0	\$202,648

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

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2010*

	Special Revenue Funds		Debt Retirement Funds		Total Nonmajor Governmental Funds
	Athletics	Food Service	2001 School Bond	Durant	
Revenues					
Local sources	\$65,102	\$110,161	\$536,158	\$0	\$711,421
State sources	0	10,002	0	6,021	16,023
Federal sources	0	64,505	0	0	64,505
Total Revenues	65,102	184,668	536,158	6,021	791,949
Expenditures					
Athletics	158,502	0	0	0	158,502
Food service	0	210,065	0	0	210,065
Debt service	0	0	552,826	6,021	558,847
Total Expenditures	158,502	210,065	552,826	6,021	927,414
Excess (Deficiency) of Revenues Over Expenditures	(93,400)	(25,397)	(16,668)	0	(135,465)
Other Financing Uses					
Operating transfer in	93,400	25,397	0	0	118,797
Net Change in Fund Balances	0	0	(16,668)	0	(16,668)
Fund Balances - Beginning of year	0	0	199,548	0	199,548
Fund Balances - End of year	\$0	\$0	\$182,880	\$0	\$182,880

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

*Athletics Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2010*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Admissions	\$26,025	\$36,075	\$35,990	(\$85)
Participation fees	29,525	28,850	28,850	0
Other	0	250	262	12
Total Revenues	55,550	65,175	65,102	(73)
Expenditures				
Salaries	90,155	95,423	95,080	343
Employee benefits	25,663	24,393	24,150	243
Purchases services	26,000	29,261	25,747	3,514
Supplies and materials	7,850	8,760	7,268	1,492
Capital outlay	0	825	811	14
Other	6,450	5,448	5,446	2
Total Expenditures	156,118	164,110	158,502	5,608
Excess (Deficiency) of Revenue Over Expenditures	(100,568)	(98,935)	(93,400)	5,535
Other Financing Sources (Uses)				
Operating transfer in	100,568	98,935	93,400	(5,535)
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0

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

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2010*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Food sales	\$131,202	\$108,500	\$107,331	(\$1,169)
Other	2,400	2,800	2,830	30
Total Local Sources	133,602	111,300	110,161	(1,139)
State Sources:				
Restricted grants	10,550	10,002	10,002	0
Federal Sources:				
Restricted grants	40,750	53,568	53,568	0
Commodities	8,000	8,000	10,937	2,937
Total Federal Sources	48,750	61,568	64,505	2,937
Total Revenues	192,902	182,870	184,668	1,798
Expenditures				
Purchases services	102,502	115,937	119,469	(3,532)
Supplies and materials	90,400	79,883	82,965	(3,082)
Other	0	7,650	7,631	19
Total Expenditures	192,902	203,470	210,065	(6,595)
Excess (Deficiency) of Revenue Over Expenditures	0	(20,600)	(25,397)	(4,797)
Other Financing Sources (Uses)				
Operating transfer in	0	20,600	25,397	4,797
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0

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

*2001 School Bond Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2010*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
Revenues				
Local Sources:				
Property taxes	\$541,036	\$531,584	\$534,868	\$3,284
Investment income	0	1,200	1,290	90
Total Revenues	541,036	532,784	536,158	3,374
Expenditures				
Debt service:				
Principal	235,000	235,000	235,000	0
Interest and fiscal charges	317,169	317,169	317,169	0
Other	1,250	700	657	43
Total Expenditures	553,419	552,869	552,826	43
Net Change in Fund Balances	(12,383)	(20,085)	(16,668)	3,417
Fund Balance - Beginning of year	175,833	199,548	199,548	0
Fund Balance - End of year	<u>\$163,450</u>	<u>\$179,463</u>	<u>\$182,880</u>	<u>\$3,417</u>

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

*Durant Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2010*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
Revenues				
State Sources:				
Durant settlement	\$6,021	\$6,021	\$6,021	\$0
Total Revenues	6,021	6,021	6,021	0
Expenditures				
Debt service:				
Principal	4,772	4,999	4,999	0
Interest	1,249	1,022	1,022	0
Total Expenditures	6,021	6,021	6,021	0
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

*Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2010*

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets				
Cash	\$103,661	\$123,675	\$117,764	\$109,572
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Due to student groups	\$103,661	\$123,675	\$117,764	\$109,572
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2010*

	Due to (From) Student Groups July 1, 2009	Receipts	Disbursements	Due to (From) Student Groups June 30, 2010
Due to School District:				
Athletic Officials	\$1,840	\$2,247	\$1,946	\$2,141
CATS	906	999	1,608	297
Elementary Activity	119	6,084	5,193	1,010
Employee Recognition	300	0	0	300
Families in Need Program	181	363	489	55
High School - Audio Visual	240	3,414	2,703	951
S.E. Work Experience	0	1	0	1
Senior Citizens	1,227	462	340	1,349
Interest	2,432	40	2,472	0
Kindergarten	406	480	530	356
First Grade	37	1,331	626	742
Second Grade	385	442	406	421
Third Grade	54	0	0	54
Fourth Grade	286	2,893	2,987	192
Fifth Grade	144	4,827	2,721	2,250
Graduated-carryover	3,676	668	0	4,344
Class of 2009	358	0	358	0
Class of 2010	892	4,260	5,152	0
Class of 2011	743	7,301	5,793	2,251
Class of 2012	232	1,895	1,636	491
Class of 2013	0	571	432	139
Varsity Baseball	67	2,199	1,880	386
Basketball - Boys	3,695	2,149	3,971	1,873
Cheerleaders	208	951	0	1,159
Cross Country	414	2,640	2,789	265
Varsity Football	643	2,013	2,603	53
Hubbard Concessions	1,289	11,725	11,999	1,015
High School Girls Track	273	0	165	108
Basketball-Girls	13	1,255	429	839
Volleyball	1,754	2,722	2,640	1,836
Cheerleaders-MS	396	0	379	17
Basketball-J.V. Boys	0	3,539	1,760	1,779
Binder Scholarship	3,024	0	500	2,524
Bischoff Scholarship	10,874	2,369	100	13,143
Lennard Scholarship	356	0	100	256
Olrich Scholarship	100	0	100	0
Seegert Scholarship	31,295	0	1,500	29,795
Van Hove Scholarship	1,665	0	0	1,665

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2010*

	Due to (From) Student Groups July 1, 2009	Receipts	Disbursements	Due to (From) Student Groups June 30, 2010
	(Concluded)			
Whiteford Community Scholarship	\$540	\$250	\$500	\$290
WRC Scholarship	500	500	0	1,000
Liz Lykowski Scholarship	1,120	600	300	1,420
Elementary Art	28	1,065	1,083	10
MS/HS Art	251	58	198	111
Band	0	1	0	1
Building Trades	3,035	170	0	3,205
Camp Fund	6,874	19,721	18,196	8,399
Challenge Day	4,276	2,722	3,063	3,935
Choir-All	83	0	0	83
Crafting For Literacy	1,312	1,312	1,473	1,151
Science Fair	0	152	0	152
Honor Society	415	488	669	234
Horticulture Club	588	0	70	518
Elementary Journalism	2,392	1,999	4,172	219
High School Journalism	179	7,826	6,575	1,430
Middle School Journalism	502	1,374	1,397	479
Elementary Library	869	3,394	3,992	271
High School Library	3,478	795	199	4,074
Life Management	787	547	549	785
Physics Club	233	80	313	0
Put-in-Bay	2,824	3,708	3,154	3,378
MS Red Ribbon week	66	141	185	22
Solar Sprint	1,415	10	46	1,379
Spanish Club	200	0	0	200
Elementary Student Council	36	707	710	33
Student Council - High School	685	3,925	2,911	1,699
Student Council - Middle School	449	1,988	1,702	735
Legacy Account	0	302	0	302
Total Due to Student Groups	\$103,661	\$123,675	\$117,764	\$109,572

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

*Summary of 2009 Tax Levy
Year Ended June 30, 2010*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	18.0000	\$49,231,766	\$886,172
General Fund operating - commercial	6.0000	5,271,295	31,628
2001 Debt Retirement Fund	2.5500	201,040,703	513,259
2001 Debt Retirement Fund - IFT	1.2750	3,174,600	4,048
			<u>1,435,107</u>
Summerfield Township			
General Fund operating - non-homestead	18.0000	222,979	4,013
2001 Debt Retirement Fund	2.5500	1,771,338	4,517
			<u>8,530</u>
Riga Township			
General Fund operating - non-homestead	18.0000	587,642	10,578
General Fund operating - commercial	6.0000	67,500	405
2001 Debt Retirement Fund	2.5500	7,253,173	18,495
			<u>29,478</u>
Total			<u><u>\$1,473,115</u></u>
Summary			
General Fund operating - non-homestead		50,042,387	\$900,763
General Fund operating - commercial		5,338,795	32,033
2001 Debt Retirement Fund		210,065,214	536,271
2001 Debt Retirement Fund - IFT		3,174,600	4,048
			<u><u>\$1,473,115</u></u>

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

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2010*

	Final Budget	Actual	Positive (Negative) Budget
Revenues			
Technology enhancement millage	\$174,000	\$186,932	\$12,932
Total Revenues	174,000	186,932	12,932
Expenditures			
Salaries	41,537	39,697	1,840
Fringe benefits	17,952	14,723	3,229
Purchase services	37,494	32,804	4,690
Supplies	14,554	8,067	6,487
Capital outlay	106,515	102,206	4,309
Other	15,000	13,114	1,886
Total Expenditures	233,052	210,611	22,441
Net Change in Fund Balance	(59,052)	(23,679)	35,373
Reserved for Technology Enhancement - Beginning of Year	266,182	266,182	0
Reserved for Technology Enhancement - End of Year	\$207,130	\$242,503	\$35,373

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Passed Through State Department of Education:		
Title I	091530-0809	\$65,611
Title I	101530-0910	93,946
Title II Part A	090520-0809	40,719
Title II Part A	100520-0910	44,777
ARRA Title I	101535-0910	26,449
		<u>271,502</u>
ARRA State fiscal stabilization fund	092525-0809	273,868
ARRA State fiscal stabilization fund	102525-0910	206,519
		<u>480,387</u>
		<u>751,889</u>
Total Passed Through State Dept. of Education		
Passed Through Intermediate School Districts:		
Tech Prep Education	103540-8014-25	2,366
Safe and Drug Free Schools	092860-0809	555
Safe and Drug Free Schools	102860-0910	914
		<u>1,469</u>
Homeless Students' Assistance Grant	092320-0809	1,990
		<u>5,825</u>
Total Passed Through Intermediate School Districts		
		<u>757,714</u>
Total U.S. Department of Education		
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	12,655
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
National School Lunch Program		
091950 All Lunches	10.555	10,323
101950 All Lunches	10.555	10,636
091960 Free & Reduced	10.555	24,179
101960 Free & Reduced	10.555	32,828
		<u>77,966</u>
091970 Breakfast	10.553	5,277
101970 Breakfast	10.553	5,545
		<u>10,822</u>
		<u>88,788</u>
U.S.D.A. Donated Commodities		
Entitlements	10.555	10,757
Bonus	10.555	180
		<u>10,937</u>
Total U.S. Department of Agriculture		
		<u>99,725</u>
Total Federal Financial Assistance		
		<u>\$857,439</u>

See accompanying notes to this schedule

Accrued (Deferred) Revenue July 1, 2009	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2010
\$1,604	\$27,316	\$0	\$1,604	\$0
0	0	51,462	42,798	8,664
302	7,007	0	302	0
0	0	5,181	4,596	585
0	0	26,449	24,336	2,113
1,906	34,323	83,092	73,636	11,362
273,868	0	0	273,868	0
0	0	206,519	107,475	99,044
273,868	0	206,519	381,343	99,044
275,774	34,323	289,611	454,979	110,406
0	0	604	604	0
555	555	0	555	0
0	0	914	0	914
555	555	914	555	914
1,134	1,990	0	1,134	0
1,689	2,545	1,518	2,293	914
\$277,463	\$36,868	291,129	\$457,272	\$111,320
\$0	\$0	12,655	\$12,655	\$0
\$0	\$9,276	1,047	\$1,047	\$0
0	0	10,636	10,636	0
0	21,097	3,082	3,082	0
0	0	32,828	32,828	0
0	30,373	47,593	47,593	0
0	4,847	430	430	0
0	0	5,545	5,545	0
0	4,847	5,975	5,975	0
\$0	\$35,220	53,568	\$53,568	\$0
\$0	\$0	10,757	\$10,757	\$0
0	0	180	180	0
\$0	\$0	10,937	\$10,937	\$0
		64,505		
		\$368,289		

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010*

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unqualified opinion on the financial statements of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan.
2. No significant deficiencies or significant deficiencies considered material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan were disclosed during the audit.
4. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Whiteford Agricultural School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
5. The amounts reported on R7120 and the Grant Section Auditors Report reconcile with this schedule.