

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

ANNUAL FINANCIAL REPORT
June 30, 2018

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

*School Board Members
June 30, 2018*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Tracy Malhoit	President	12/31/2020
David Dixon	Vice-President	12/31/2018
Christine Bischoff	Secretary	12/31/2018
Doug Bulmer	Treasurer	12/31/2018
Shane Hillard	Trustee	12/31/2020
Mike Iott	Trustee	12/31/2020
Kristi Mock	Trustee	12/31/2020

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

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June 30, 2018*

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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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 6 through 14, 41 through 46, and 47 through 49, respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Board of Education

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, on our consideration of the Whiteford Agricultural School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whiteford Agricultural School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cooley Hell Jabs + Calkins". The signature is written in a cursive, flowing style.

September 10, 2018

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

Board of Education

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 10, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



September 10, 2018

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

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, 2018. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects Fund.

Using this Annual Report

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

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

Basic Financial Statements

District-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

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

Other Supplemental Information

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

District–Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2018 and 2017.

Table 1

Comparative Statement of Net Position

	June 30, 2018	June 30, 2017
Current and other assets	\$3,457,403	\$3,017,461
Capital assets, net	6,813,015	6,826,630
Total Assets	10,270,418	9,844,091
Deferred Outflows of Resources	2,714,479	1,599,222
Current and other liabilities	1,284,378	1,272,728
Long-term liabilities	16,520,455	16,317,060
Total Liabilities	17,804,833	17,589,788
Deferred Inflows of Resources	966,892	587,659
Net Position		
Investment in capital assets	2,384,683	1,966,324
Restricted for technology enhancement	146,355	112,939
Restricted for debt service	87,844	93,768
Restricted for food service	42,264	23,806
Restricted for capital outlay	192,682	163,126
Unrestricted	(8,640,656)	(9,094,097)
Total Net Position	(\$5,786,828)	(\$6,734,134)

As depicted in Table 1, the School District's net position was a deficit of \$5,786,828 at June 30, 2018. Of this amount, a negative \$8,640,656 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2018 and 2017.

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

District–Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Position

	June 30, 2018	June 30, 2017
Revenues		
Program revenues:		
Charges for services	\$189,776	\$186,370
State grants and other revenue	1,047,789	939,646
Federal grants	162,456	144,107
	1,400,021	1,270,123
General revenues:		
Property taxes	1,747,983	1,735,036
State foundation allowance	4,777,883	4,527,805
Other general revenues	159,513	181,708
	6,685,379	6,444,549
Total Revenues	8,085,400	7,714,672
 Functions/Program Expenses		
Instruction	3,970,505	6,297,246
Support services	2,525,664	3,444,828
Food service	203,561	232,478
Welfare activities	214	0
Facilities improvement	0	87,000
Interest on long-term debt	196,222	210,949
Depreciation	241,928	222,840
	7,138,094	10,495,341
Total Expenses	7,138,094	10,495,341
 Increase (Decrease) in Net Position	\$947,306	(\$2,780,669)

As indicated in Table 2, the cost of *all governmental* activities this year was \$7,138,094. Of this amount, \$1,400,021 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net position this year of \$947,306. Revenues increased by \$370,728; there was a decrease of total expenses of \$3,357,247. A reconciliation of the change in fund balances to the change in net position appears on page 20.

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

Fund Financial Analysis

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,590,692, which is an increase of \$440,792 from last year. The changes by each fund are as follows:

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Food Service Fund</u>	<u>Debt Retirement Fund</u>	<u>Total</u>
Fund balances- beginning of year	\$1,839,033	\$163,126	\$23,806	\$123,935	\$2,149,900
Increase (decrease)	<u>400,604</u>	<u>29,556</u>	<u>19,056</u>	<u>(8,424)</u>	<u>440,792</u>
Fund balances- End of year	<u><u>\$2,239,637</u></u>	<u><u>\$192,682</u></u>	<u><u>\$42,862</u></u>	<u><u>\$115,511</u></u>	<u><u>\$2,590,692</u></u>

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Percent Change</u>
Revenues			
Local sources	\$909,590	\$950,630	(4.3) %
State sources	5,627,002	5,280,614	6.6 %
Federal sources	68,870	52,772	30.5 %
Interdistrict and other sources	<u>423,142</u>	<u>382,450</u>	10.6 %
	<u><u>\$7,028,604</u></u>	<u><u>\$6,666,466</u></u>	5.4 %

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

Fund Financial Analysis – Concluded

Expenditures	June 30, 2018	June 30, 2017	Percent Change
Instruction	\$4,031,603	\$3,824,042	5.4 %
Support services	2,410,289	2,358,809	2.2 %
Athletics	185,894	214,622	(13.4) %
Welfare activities	214	0	100.0 %
Facilities improvements	<u>0</u>	<u>87,000</u>	(100.0) %
	<u><u>\$6,628,000</u></u>	<u><u>\$6,484,473</u></u>	2.2 %

General Fund Budgetary Highlights

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

Beginning Budget versus Ending Budget

Revenues – The original budget for revenues was \$6,492,432 versus the final budget of \$7,065,560. Major components of the original budget for revenues versus final projections are indicated below:

- Increase in the foundation allowance received due to adjustments to pupil count and per pupil foundation allocation. Budgeted FTE's were 711.03 and actual FTE's were 741.79; the foundation was budgeted to increase \$100/pupil and actually increased \$120/pupil.
- All grants are budgeted in full however revenues are only recognized for corresponding expenditures. Additional revenues added to the budget for new grants or additional funding for grants totaled \$158,473.
- MPSERS UAAL revenues increased by \$107,900.

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

Beginning Budget versus Ending Budget (Concluded)

Expenditures – The original budget for expenditures was \$6,544,682 compared to the final budget of \$6,922,511. Major components of the original budget for expenditures versus final projections are noted below:

- The budget was adjusted for the corresponding increases relating to the grant awards mentioned above.
- Whiteford Education Association contract settled; pay table steps changed from 0 – 10 to 1 -17. A 1.5% increase was also included to the table. All other bargaining unit and other contracts settled as well.
- Adjustment for offsetting entry for MPSERS UAAL funds received.
- Township water assessment paid in full in year 1 instead of expensing over 40 years.
- Special Projects carryover from previous year added to budget.
- Contracted with county and township for a School Resource Officer.

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$7,028,604 versus a budget of \$7,065,560 a difference of \$36,956 (0.5%). Typical differences occurred such as:

- Grants not fully expended therefore 100% not received.
- Allocation of UAAL among all funds.

Expenditures – General Fund actual expenditures of \$6,628,000 versus a budget of \$6,922,511 compared to actual expenditures of \$6,484,473 a difference of \$294,511. This difference is mainly attributed to the following:

- All grants are budgeted in full however revenues are only recognized for corresponding expenditures; carryover funds total \$61,351.
- Unexpended funds of \$105,048 for special projects in the Operations and Maintenance budget will become carryover in FY 19

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

Capital Asset and Debt Administration

Capital Assets

At June 30, 2018, the School District had \$11,844,873 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, machinery and equipment. This amount includes a net increase (including additions and disposals) of \$175,596 in capital assets. This year's additions consisted of the installation of a new leach field at the elementary building, renovation of the elementary playground, installation of a security system district-wide, purchase of an electronic sign for the middle school/high school building, finalization of the renovation of the middle school gym and high school music room, and purchase of a convection oven. There was a disposal of a bus. Depreciation for this year totaled \$241,981. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2018, the School District had \$4,150,000 in outstanding bonds. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations of \$150,372 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 2018-19 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2018-19 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 2018 fiscal year is 90 percent of the October student count and 10 percent of the current fiscal year's February's count. The District projected a blended pupil count of 714.01 students, which is approximately 27 FTE's less than the previous year's actual figure. Approximately 82% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included \$240 per student increase to the new minimum foundation of \$7,871 per pupil.

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

The budget for the 2018-19 fiscal year was adopted on June 4, 2018. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

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

*Management's Discussion and Analysis
Year Ended June 30, 2018*

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 LENAWEЕ, MICHIGAN**

*Statement of Net Position
June 30, 2018*

	Governmental Activities
Assets	
Cash and cash equivalents	\$2,318,265
Accounts/taxes receivable	57,655
Due from student groups	1,037
Due from other governmental units	1,034,824
Deposit	5,050
Inventories	3,478
Prepaid expenses	37,094
Capital assets, net	6,813,015
Total Assets	10,270,418
Deferred Outflows of Resources	
Deferred amount of pension expense	2,499,928
Deferred amount of OPEB expense	214,551
Total Deferred Outflows of Resources	2,714,479
Liabilities	
Accounts payable	139,830
Salaries payable	331,473
Other liabilities	198,803
Accrued interest payable	27,667
Due to other governmental units	68,974
Unearned revenue	127,631
Long-term liabilities:	
Net pension liability	9,395,072
Net OPEB liability	3,215,011
Due within one year	390,000
Due in more than one year	3,910,372
Total Liabilities	17,804,833
Deferred Inflows of Resources	
Deferred amount of net pension liability	579,870
Deferred amount of net OPEB liability	108,690
Unamortized premium/unamortized advanced amount on refunding	278,332
Total Deferred Inflows of Resources	966,892
Net Position	
Net investment in capital assets	2,384,683
Restricted for technology enhancement	146,355
Restricted for debt service	87,844
Restricted for food service	42,264
Restricted for capital outlay	192,682
Unrestricted	(8,640,656)
Total Net Position	(\$5,786,828)

See accompanying notes to the basic financial statements

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

*Statement of Activities
Year Ended June 30, 2018*

Functions/Programs	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$3,970,505	\$0	\$877,893	(\$3,092,612)
Support services	2,525,611	70,537	228,356	(2,226,718)
Food services	203,561	119,239	103,996	19,674
Facilities improvements	214	0	0	(214)
Interest on long-term debt	196,222	0	0	(196,222)
Depreciation (Unallocated)	241,981	0	0	(241,981)
Total Governmental Activities	\$7,138,094	\$189,776	\$1,210,245	(5,738,073)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				777,881
Property taxes, levied for technology				211,418
Property taxes, levied for debt retirement				547,874
Property taxes, levied for sinking				210,810
State of Michigan aid, unrestricted				4,777,883
Interest and investment earnings				4,861
Other				154,652
				6,685,379
Change in Net Position				947,306
Net Position - Beginning of year, restated				(6,734,134)
Net Position - End of year				(\$5,786,828)

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, 2018*

	General	Capital Projects	Other	Totals
		Fund	Nonmajor	
		Sinking	Governmental	
			Funds	
Assets				
Cash and cash equivalents	\$1,974,895	\$221,078	\$122,292	\$2,318,265
Accounts/taxes receivable	57,655	0	0	57,655
Due from student groups	1,037	0	0	1,037
Due from other governmental units	1,031,179	0	3,645	1,034,824
Due from other funds	24,304	0	37,808	62,112
Deposit	5,050	0	0	5,050
Inventory	0	0	3,478	3,478
Prepaid expenditures	36,496	0	598	37,094
Total Assets	\$3,130,616	\$221,078	\$167,821	\$3,519,515
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$129,613	\$4,092	\$6,125	\$139,830
Salaries payable	331,473	0	0	331,473
Other liabilities	198,803	0	0	198,803
Unearned revenue	124,308	0	3,323	127,631
Due to other governmental units	68,974	0	0	68,974
Due to other funds	37,808	24,304	0	62,112
Total Liabilities	890,979	28,396	9,448	928,823
Fund Balances				
Nonspendable:				
Prepaid expenditures	36,496	0	0	36,496
Restricted for:				
Technology enhancement	146,355	0	0	146,355
Food service	0	0	42,862	42,862
2015 School bond debt retirement	0	0	115,511	115,511
Capital outlay	0	192,682	0	192,682
Committed for:				
Special projects	105,048	0	0	105,048
Unassigned	1,951,738	0	0	1,951,738
Total Fund Balances	2,239,637	192,682	158,373	2,590,692
Total Liabilities and Fund Balances	\$3,130,616	\$221,078	\$167,821	\$3,519,515

See accompanying notes to the basic financial statements

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

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Year Ended June 30, 2018*

Total Fund Balances - Governmental Funds		\$2,590,692
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
Cost of the capital assets	\$11,844,873	
Accumulated depreciation	<u>(5,031,858)</u>	6,813,015
Deferred outflows of resources from subsequent pension expense from measurement date		2,499,928
Deferred outflows of resources from subsequent OPEB expense from measurement date		214,551
Deferred inflows of resources resulting from net pension liability		(579,870)
Deferred inflows of resources resulting from net OPEB liability		(108,690)
<p>Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Net pension liability	(9,395,072)	
Net OPEB liability	(3,215,011)	
Bonds payable	(4,150,000)	
Compensated absences	(150,372)	
Accrued interest	(27,667)	
Premium amortized over the life of the bonds	(359,636)	
Advanced amount on refunding amortized over the life of the bonds	<u>81,304</u>	<u>(17,216,454)</u>
Total Net Position - Governmental Activities		<u><u>(\$5,786,828)</u></u>

See accompanying notes to the basic financial statements

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

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2018*

	General	Capital Projects Fund Sinking	Other Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$909,590	\$207,649	\$659,131	\$1,776,370
State sources	5,627,002	3,515	19,298	5,649,815
Federal sources	68,870	0	93,586	162,456
Interdistrict and other sources	423,142	0	0	423,142
Total Revenues	7,028,604	211,164	772,015	8,011,783
Expenditures				
Instruction	4,031,603	0	0	4,031,603
Support services	2,410,289	0	204,304	2,614,593
Capital outlay	0	181,608	0	181,608
Debt service	0	0	557,079	557,079
Athletics	185,894	0	0	185,894
Welfare activities	214	0	0	214
Total Expenditures	6,628,000	181,608	761,383	7,570,991
Net Change in Fund Balances	400,604	29,556	10,632	440,792
Fund Balances - Beginning of year	1,839,033	163,126	147,741	2,149,900
Fund Balances - End of year	<u>\$2,239,637</u>	<u>\$192,682</u>	<u>\$158,373</u>	<u>\$2,590,692</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, 2018*

Total Net Change in Fund Balances - Governmental Funds	\$440,792
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>	
Depreciation expense	(\$241,981)
Capital outlay	228,366
	(13,615)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	375,000
<p>The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>	
Net change in pension liability	(780,908)
Net change in the deferred inflow of resources related to the net pension liability	(430,006)
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	1,046,113
<p>The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows of resources related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.</p>	
Net change in OPEB liability	176,113
Net change in the deferred inflows of resources related to the net OPEB liability	(6,201)
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions.	69,144
Governmental funds report the advanced amount on refunding, and the bond premium when debt is first issued, but these costs increase long-term liabilities in the statement of net position and these amounts are amortized over the life of the bonds	56,974
Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid	2,500
Decreases in the liability for compensated absences are reported as expenditures in governmental funds	11,400
	\$947,306

See accompanying notes to the basic financial statements

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

*Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2018*

	<u>Agency Fund</u>
	<u>Student Activities</u>
Assets	
Cash and certificates of deposit	\$129,313
Due from cafeteria	304
Total Assets	<u>\$129,617</u>
Liabilities	
Due to student groups	\$128,580
Due to other funds	1,037
Total Liabilities	<u>\$129,617</u>

See accompanying notes to the basic financial statements

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 1 Description of the School District and Reporting Entity

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

Reporting Entity

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

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

Note 2 Summary of Significant Accounting Policies

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

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

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

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

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

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

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

The School District reports the following major governmental funds:

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

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

The School District reports the following nonmajor governmental funds:

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 2 Summary of Significant Accounting Policies (Continued)

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

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

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

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 2 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Unavailable/Unearned Revenue

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 2 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 2 Summary of Significant Accounting Policies (Continued)

- C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)
Pension and Other Post-Employment Benefits – For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, information about the fiduciary net position of the Michigan Public Schools Employees Retirement System (MPSERS), and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (included refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.
- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2018.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

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

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

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

- G. Restricted Assets - The cash and investments for technology enhancement, debt service, and capital outlay are restricted for specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent cash that can only be used for which the revenue was received.
- H. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2018 through September 10, 2018, the date the financial statements were available to be issued.

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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, 2018, 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, 2018, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Huntington Bank, and Flagstar.

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 4 Deposits and Investments (Concluded)

Custodial credit risk - investments (Continued)

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

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

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Construction in progress	19,495	18,003	19,495	18,003
	41,408	18,003	19,495	39,916
Capital assets being depreciated:				
Land improvements	423,401	0	0	423,401
Buildings and building improvements	10,592,249	195,575	0	10,787,824
Machinery and equipment	349,663	34,283	0	383,946
Vehicles	262,556	0	52,770	209,786
	11,627,869	229,858	52,770	11,804,957
Total capital assets	11,669,277	247,861	72,265	11,844,873
Less Accumulated Depreciation:				
Land improvements	(294,176)	(20,626)	0	(314,802)
Buildings and building improvements	(4,120,017)	(210,468)	0	(4,330,485)
Machinery and equipment	(166,159)	(10,834)	0	(176,993)
Vehicles	(262,295)	(53)	(52,770)	(209,578)
	(4,842,647)	(241,981)	(52,770)	(5,031,858)
Total accumulated depreciation	(4,842,647)	(241,981)	(52,770)	(5,031,858)
Net capital assets	\$6,826,630	\$5,880	\$19,495	\$6,813,015

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 6 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2018, consisted of the following individual fund receivables and payables:

Due From	Due To		Totals
	Food Service Fund	General Fund	
General Fund	\$37,808	\$0	\$37,808
Sinking Fund	0	24,304	24,304
	\$37,808	\$24,304	\$62,112

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.

There were no interfund transfers during the 2018 fiscal year.

Note 7 Defined Benefit Pension Plans and Postemployment Benefits

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

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

Contributions and Funded Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20 year period for the 2016 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2017.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	19.03%
Member Investment Plan	3.0 - 7.0	19.03
Pension Plus	3.0 - 6.4	18.40
Defined Contribution	0.0	15.27

Required contributions to the pension plan from the District were \$850,360 for the year ended September 30, 2017.

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

Pension Liabilities - At June 30, 2018, the School District reported a liability of \$9,395,072 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2016. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was 0.03625 percent, which was an increase of 0.00172 percent from its proportion measured as of September 30, 2016.

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 7 Defined Benefit Pension Plans and Postemployment Benefits (Continued)
Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2018, the School District recognized pension expense of \$1,140,606. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	\$81,650	(\$46,100)
Changes of assumptions	1,029,305	0
Net differences between projected and actual earnings on pension plan investments	0	(449,146)
Changes in proportion and differences between school district contributions and proportionate share of contributions	655,270	(84,624)
School district's contributions subsequent to the measurement date	733,703	0
	\$2,499,928	(\$579,870)

Deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date were \$733,703 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

Year ended June 30,	Amount
2019	\$337,950
2020	508,986
2021	311,971
2022	27,448

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date: September 30, 2016

Actuarial Cost Method: Entry Age, Normal

Wage Inflation Rate: 3.5%

Investment Rate of Return:
- MIP and Basic Plans
 (Non-Hybrid): 7.5%
- Pension Plus Plan
 (Hybrid): 7.0%

Projected Salary Increases: 3.5 – 12.3%, including wage inflation at 3.5%

Cost-of-Living Pension
Adjustments: 3% Annual Non-Compounded for MIP Members

Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.5188
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report (www.michigan.gov/orsschools).

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

The long-term expected rate of return on plan assets - The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.60%
% Alternate Investment Pools	18.00	8.70
International Equity	16.00	7.20
Fixed Income Pools	10.50	(0.01)
Real Estate and Infrastructure Pools	10.00	4.20
Absolute Return Pools	15.50	5.00
Short Term Investment Pools	2.00	(0.90)
	100.00	

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

Rate of return – For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 13.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate - A discount rate of 7.5% was used to measure the total pension liability (7.0% for Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5% (7.0% for the hybrid plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease (Non-Hybrid/Hybrid) (6.5% / 6.0%)	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) (7.5% / 7.0%)	1% Increase (Non-Hybrid/Hybrid) (8.5% / 8.0%)
\$12,238,654	\$9,395,072	\$7,000,957

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

Payable to the Pension Plan - At June 30, 2018, the School District reported a payable of approximately \$57,153 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Note 8 Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

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

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

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

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20-year period for the 2017 fiscal year.

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2017.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.00%	5.91%
Personal Healthcare Fund (PHF)	0.00%	5.69%

Required contributions to the OPEB plan from School District were \$282,652 for the year ended September 30, 2017.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2018, the School District reported a liability of \$3,215,011 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was 0.36305 percent, which was a decrease of 5.19335 percent from its proportion measured as of October 1, 2016.

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

For the year ending June 30, 2018, the School District recognized OPEB expense of \$215,055. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	\$0	(\$34,230)
Net differences between projected and actual earnings on OPEB plan investments	0	(74,460)
Changes in proportion and differences between school district contributions and proportionate share of contributions	48	0
School district's contributions subsequent to the measurement date	214,503	0
	\$214,551	(\$108,690)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended	Amount
2018	(\$26,254)
2019	(26,254)
2020	(26,254)
2021	(26,254)
2022	(3,626)

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.5%
Investment Rate of Return:	7.5%
Projected Salary Increases:	3.5 – 12.3%, including wage inflation at 3.5%
Health Cost Trend Rate:	7.5% Year 1 graded to 3.5% Year 12
Mortality:	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.
Other Assumptions: Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total OPEB liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.4744
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.6%
% Alternate Investment Pools	18.00	8.7
International Equity	16.00	7.2
Fixed Income Pools	10.50	(0.1)
Real Estate and Infrastructure Pools	10.00	4.2
Absolute Return Pools	15.50	5.0
Short Term Investment Pools	2.00	(0.9)
	100%	

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

Rate of Return - For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 11.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate - A discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate - The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current Discount Rate	1% Increase
6.5%	7.5%	8.5%
<hr/>	<hr/>	<hr/>
\$3,765,707	\$3,215,011	\$2,747,642
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
6.5%	7.5%	8.5%
<hr/>	<hr/>	<hr/>
\$2,722,682	\$3,215,011	\$3,774,016
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2017 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan - At June 30, 2018, the School District reported a payable of approximately \$27,376 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

Note 9 Enhancement Millage for Technology

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 10 Long-Term Debt

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

	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018	Due in One Year
2015 Refunding Bonds	\$4,525,000	\$0	\$375,000	\$4,150,000	\$390,000
Compensated absences payable	161,772	0	11,400	150,372	0
	\$4,686,772	\$0	\$386,400	\$4,300,372	\$390,000

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 10 Long-Term Debt (Continued)

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

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

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

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

Fiscal Year	Interest Requirements		Bond	Total
	November 1	May 1	Maturities May 1	
2019	\$83,000	\$83,000	\$390,000	\$556,000
2020	75,200	75,200	405,000	555,400
2021	67,100	67,100	425,000	559,200
2022	58,600	58,600	440,000	557,200
2023	49,800	49,800	460,000	559,600
2024	40,600	40,600	480,000	561,200
2025	31,000	31,000	495,000	557,000
2026	21,100	21,100	515,000	557,200
2027	10,800	10,800	540,000	561,600
	\$437,200	\$437,200	\$4,150,000	\$5,024,400

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

Fiscal Year	Interest	Principal	Total Requirements
2019	\$166,000	\$390,000	\$556,000
2020	150,400	405,000	555,400
2021	134,200	425,000	559,200
2022	117,200	440,000	557,200
2023	99,600	460,000	559,600
2024-2027	207,000	2,030,000	2,237,000
	\$874,400	\$4,150,000	\$5,024,400

Note 11 Lease Commitments - Operating Leases

The School District has, as of June 30, 2018, contractual agreements specifying the following annual lease payment obligations:

Fiscal Year	Amount
2019	\$74,889
2020	30,622
	\$105,511

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

*Notes to Financial Statements
Year Ended June 30, 2018*

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 2017 property taxes were levied on December 1, 2017 on assessed valuations as of December 31, 2016. Taxes were collected beginning December 1, 2017 and payments were due by February 14, 2018. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2017 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$42,371,413	18.00	\$762,685
Commercial	4,357,139	6.00	26,143
2015 Debt Retirement Fund:			
Regular	206,421,504	2.60	533,000
IFT	1,216,996	1.30	1,582
Sinking Fund:			
Regular	206,421,504	1.00	206,421
IFT	1,216,996	0.50	608
Total			<u>\$1,530,439</u>

Note 13 Tax Abatement

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

For the year ended June 30, 2018, the School District's property tax revenue for general obligations was reduced by \$10,953 under this program. There were no tax abatements made by the School District.

Note 14 Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2018, the School District did not incur any claims.

Note 15 Cafeteria Contract

During the fiscal year ended June 30, 2018, the School District contracted with The Nutrition Group to cover all cafeterias within the School District. Pursuant to this agreement, The Nutrition Group manages the food service operations of the School District. All costs of The Nutrition Group have been reflected in the financial statements of the Food Service Fund.

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 16 Contingencies

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

B. Litigation

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

Note 17 Risk Management and Insurance Pool

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

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

Note 18 Governmental Regulation

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

Note 19 Sinking Fund

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

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

*Notes to Financial Statements
Year Ended June 30, 2018*

Note 20 New Accounting Standard

For the year ended June 30, 2018 the School District implemented the following new pronouncements: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Summary:

The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

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

	Governmental Activities
Net position as previously stated July 1, 2017	(\$3,385,928)
Adoption of GASB 75	
Net OPEB liability	(3,391,124)
Deferred outflows	145,407
Deferred inflows	(102,489)
Net position as restated July 1, 2017	(\$6,734,134)

REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$885,711	\$897,353	\$909,590	\$12,237
State sources	5,202,780	5,682,358	5,627,002	(55,356)
Federal sources	60,225	77,552	68,870	(8,682)
Interdistrict and other sources	343,716	408,297	423,142	14,845
Total Revenues	6,492,432	7,065,560	7,028,604	(36,956)
Expenditures				
Instruction:				
Basic programs	3,390,004	3,468,170	3,437,403	30,767
Added needs	550,198	685,465	594,200	91,265
Support services:				
Pupil	337,004	339,661	330,819	8,842
Instructional staff	253,155	288,040	264,063	23,977
General administration	271,688	279,698	277,207	2,491
School administration	494,724	478,914	487,705	(8,791)
Business administration	95,893	94,964	94,383	581
Operation and maintenance	542,913	667,924	535,559	132,365
Pupil transportation	342,961	344,076	336,330	7,746
Central services	91,753	88,903	84,223	4,680
Athletics	174,389	186,471	185,894	577
Welfare activities	0	225	214	11
Total Expenditures	6,544,682	6,922,511	6,628,000	294,511
Net Change in Fund Balances	(52,250)	143,049	400,604	257,555
Fund Balances - Beginning of year	1,707,050	1,839,033	1,839,033	0
Fund Balances - End of year	\$1,654,800	\$1,982,082	\$2,239,637	\$257,555

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

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Local Sources			
Property taxes	\$772,688	\$777,881	\$5,193
Investment income	2,500	3,726	1,226
Contributions	19,585	22,085	2,500
Athletics	80,456	83,511	3,055
Other revenue	22,124	22,387	263
Total Local Sources	897,353	909,590	12,237
State Sources			
Unrestricted grants:			
Proposal A obligation	3,101,618	3,108,004	6,386
Discretionary payment	1,669,895	1,669,879	(16)
Foundation equity payment			0
Restricted grants:			
Special education-Headlee obligation	183,152	186,331	3,179
At risk	123,710	75,427	(48,283)
MPSERS rate offset	528,048	516,095	(11,953)
Other state grants	50,213	45,108	(5,105)
Transfer from intermediate school district:			
Vocational education	19,602	20,075	473
Other	6,120	6,083	(37)
Total State Sources	5,682,358	5,627,002	(55,356)
Federal Sources			
Title I	40,407	40,407	0
Title IIA	25,736	17,933	(7,803)
Title IV	5,249	5,248	(1)
Medicaid outreach grant	2,000	1,308	(692)
Transfer from intermediate school district:			
Homeless Students' Assistance	4,160	3,974	(186)
Total Federal Sources	77,552	68,870	(8,682)
Interdistrict and Other Sources			
Transfer from intermediate school district:			
County special education tax	187,035	187,035	0
Technology enhancement millage	196,573	211,418	14,845
Bus Driver Safety	1,225	1,225	0
Transportation	7,232	7,232	0
Insurance reimbursements	14,780	14,780	0
Proceeds from sale of capital assets	1,452	1,452	0
Total Interdistrict and Other Sources	408,297	423,142	14,845
Total Revenues	\$7,065,560	\$7,028,604	(\$36,956)

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2018*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$741,732	\$541,128	\$29,777
Middle School	509,586	341,841	7,308
High School	605,763	418,799	92,056
Summer School	7,479	2,504	0
	<u>1,864,560</u>	<u>1,304,272</u>	<u>129,141</u>
Added Needs:			
Special education	242,422	140,933	27,858
Compensatory education	47,234	16,627	0
Vocational education	47,031	40,774	6,631
	<u>336,687</u>	<u>198,334</u>	<u>34,489</u>
Total Instruction	2,201,247	1,502,606	163,630
Support Services			
Pupil:			
Guidance	59,587	45,710	0
Health	0	0	0
Speech	67,960	50,978	0
Social work services	0	0	0
Consulting	9,346	5,438	0
Other pupil services	55,876	25,107	3,522
	<u>192,769</u>	<u>127,233</u>	<u>3,522</u>
Instructional Staff:			
Improvement of instruction	40,402	20,834	39,266
Library	11,857	5,430	0
Technology assisted	28,351	19,789	30,813
	<u>80,610</u>	<u>46,053</u>	<u>70,079</u>
General Administration:			
Board of Education	3,240	255	36,997
Executive administration	141,360	85,029	3,149
	<u>144,600</u>	<u>85,284</u>	<u>40,146</u>
School Administration:			
Office of the principal	298,093	179,613	3,414
Other school administration	0	0	0
	<u>298,093</u>	<u>179,613</u>	<u>3,414</u>
Business Administration:			
Fiscal services	7,888	3,157	899
Internal services	0	0	203
Other business services	0	0	5,388
	<u>7,888</u>	<u>3,157</u>	<u>6,490</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$24,145	\$1,403	\$0	\$1,338,185	\$1,340,850	\$2,665
9,388	5,640	580	874,343	881,540	7,197
54,473	11,111	32,690	1,214,892	1,235,721	20,829
0	0	0	9,983	10,059	76
88,006	18,154	33,270	3,437,403	3,468,170	30,767
663	0	0	411,876	451,798	39,922
3,012	0	0	66,873	118,005	51,132
12,241	8,264	510	115,451	115,662	211
15,916	8,264	510	594,200	685,465	91,265
103,922	26,418	33,780	4,031,603	4,153,635	122,032
3,070	380	0	108,747	113,756	5,009
58	0	0	58	450	392
153	0	0	119,091	120,640	1,549
0	0	3,634	3,634	3,700	66
0	0	0	14,784	15,059	275
0	0	0	84,505	86,056	1,551
3,281	380	3,634	330,819	339,661	8,842
1,559	748	0	102,809	112,756	9,947
0	0	0	17,287	29,786	12,499
667	63,604	743	143,967	145,498	1,531
2,226	64,352	743	264,063	288,040	23,977
844	0	3,282	44,618	46,346	1,728
1,900	0	1,151	232,589	233,352	763
2,744	0	4,433	277,207	279,698	2,491
3,569	1,228	930	486,847	477,914	(8,933)
858	0	0	858	1,000	142
4,427	1,228	930	487,705	478,914	(8,791)
1,465	0	75,254	88,663	89,123	460
0	0	0	203	203	0
0	0	129	5,517	5,638	121
1,465	0	75,383	94,383	94,964	581

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2018*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
(Concluded)			
Support Services			
Operation and maintenance	\$63,155	\$39,934	\$281,358
Pupil transportation	142,282	71,855	83,295
Central Services:			
Communication services	0	0	11,569
Staff services	2,030	682	15,287
Technology	0	0	47,490
Pupil accounting	0	0	0
	<u>2,030</u>	<u>682</u>	<u>74,346</u>
Athletics	<u>99,156</u>	<u>40,754</u>	<u>31,421</u>
Total Support Services	1,030,583	594,565	594,071
Welfare Activies			
Welfare activities	<u>0</u>	<u>0</u>	<u>0</u>
Total Facilities Improvements	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>3,231,830</u></u>	<u><u>2,097,171</u></u>	<u><u>757,701</u></u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$122,442	\$27,328	\$1,342	\$535,559	\$667,924	\$132,365
30,216	0	8,682	336,330	344,076	7,746
1,410	0	0	12,979	13,564	585
403	0	0	18,402	22,367	3,965
0	0	5,202	52,692	52,822	130
150	0	0	150	150	0
<u>1,963</u>	<u>0</u>	<u>5,202</u>	<u>84,223</u>	<u>88,903</u>	<u>4,680</u>
<u>3,503</u>	<u>7,024</u>	<u>4,036</u>	<u>185,894</u>	<u>186,471</u>	<u>577</u>
172,267	100,312	104,385	2,596,183	2,768,651	172,468
<u>214</u>	<u>0</u>	<u>0</u>	<u>214</u>	<u>225</u>	<u>11</u>
<u>214</u>	<u>0</u>	<u>0</u>	<u>214</u>	<u>225</u>	<u>11</u>
<u><u>276,403</u></u>	<u><u>126,730</u></u>	<u><u>138,165</u></u>	<u><u>6,628,000</u></u>	<u><u>6,922,511</u></u>	<u><u>294,511</u></u>

WHITEFORD AGRICULTURAL SCHOOLS

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

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

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

WHITEFORD AGRICULTURAL SCHOOLS

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

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

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

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

WHITEFORD AGRICULTURAL SCHOOLS

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

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

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

WHITEFORD AGRICULTURAL SCHOOLS

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

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

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

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

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

*Notes to Required Supplemental Information
Year Ended June 30, 2018*

Changes of benefit terms: There were no changes of benefit terms in 2018.

Changes of assumptions: There were no changes of assumptions in 2018.

OTHER SUPPLEMENTAL INFORMATION

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

*Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$205,534	\$207,033	\$207,295	\$262
Investment income	60	150	354	204
Total Local Sources	205,594	207,183	207,649	466
State Sources:				
State payment in lieu of tax	1,000	3,514	3,515	(1)
Total Revenues	206,594	210,697	211,164	465
Expenditures				
Capital outlay:				
Purchase services	12,300	12,650	8,426	4,224
Capital outlay	230,000	250,000	173,164	76,836
Other	0	0	18	(18)
Total Expenditures	242,300	262,650	181,608	81,042
Net Change in Fund Balances	(35,706)	(51,953)	29,556	81,507
Fund Balance - Beginning of year	81,360	163,126	163,126	0
Fund Balance - End of year	\$45,654	\$111,173	\$192,682	\$81,507

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

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018*

	Special Revenue Fund	Debt Retirement Fund	
	Food Service	2015 Refunding School Bond	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$6,781	\$115,511	\$122,292
Due from other governmental units	3,645	0	3,645
Due from other funds	37,808	0	37,808
Inventory	3,478	0	3,478
Prepaid expenditures	598	0	598
Total Assets	<u>\$52,310</u>	<u>\$115,511</u>	<u>\$167,821</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$6,125	\$0	\$6,125
Unearned revenue	3,323	0	3,323
Total Liabilities	9,448	0	9,448
Fund Balances			
Restricted for food service	42,862	0	42,862
Restricted for debt service	0	115,511	115,511
Total Fund Balances	<u>42,862</u>	<u>115,511</u>	<u>158,373</u>
Total Liabilities and Fund Balances	<u>\$52,310</u>	<u>\$115,511</u>	<u>\$167,821</u>

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

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2018*

	Special Revenue Fund	Debt Retirement Fund	Total Nonmajor Governmental Funds
	Food Service	2015 Refunding School Bond	
Revenues			
Local sources	\$119,364	\$539,767	\$659,131
State sources	10,410	8,888	19,298
Federal sources	93,586	0	93,586
Total Revenues	223,360	548,655	772,015
Expenditures			
Food service	204,304	0	204,304
Debt service	0	557,079	557,079
Total Expenditures	204,304	557,079	761,383
Net Change in Fund Balances	19,056	(8,424)	10,632
Fund Balances - Beginning of year	23,806	123,935	147,741
Fund Balances - End of year	<u>\$42,862</u>	<u>\$115,511</u>	<u>\$158,373</u>

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

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$115,929	\$116,708	\$119,239	\$2,531
Other	0	0	125	125
Total Local Sources	115,929	116,708	119,364	2,656
State Sources:				
Restricted grants	6,600	9,946	10,410	464
Federal Sources:				
Restricted grants	70,755	68,755	81,297	12,542
Commodities	9,110	14,110	12,289	(1,821)
Total Federal Sources	79,865	82,865	93,586	10,721
Total Revenues	202,394	209,519	223,360	13,841
Expenditures				
Purchases services	98,353	98,043	95,400	2,643
Supplies and materials	104,013	108,363	98,151	10,212
Capital outlay	0	8,585	8,585	0
Other	1,952	2,172	2,168	4
Total Expenditures	204,318	217,163	204,304	12,859
Net Change in Fund Balances	(1,924)	(7,644)	19,056	26,700
Fund Balance - Beginning of year	18,280	23,806	23,806	0
Fund Balance - End of year	\$16,356	\$16,162	\$42,862	\$26,700

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

*2015 Refunding School Bond Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$534,389	\$539,392	\$538,986	(\$406)
Investment income	200	300	781	481
Total Local Sources	534,589	539,692	539,767	75
State Sources:				
State paymet in lieu of tax	0	8,888	8,888	0
Total Revenues	534,589	548,580	548,655	75
Expenditures				
Debt service:				
Principal	375,000	375,000	375,000	0
Interest and fiscal charges	181,000	181,000	181,000	0
Other	1,100	1,100	1,079	21
Total Expenditures	557,100	557,100	557,079	21
Net Change in Fund Balances	(22,511)	(8,520)	(8,424)	96
Fund Balance - Beginning of year	123,860	123,935	123,935	0
Fund Balance - End of year	\$101,349	\$115,415	\$115,511	\$96

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

*Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2018*

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash	\$119,068	\$169,531	\$159,286	\$129,313
Due from cafeteria	0	304	0	304
	<u>\$119,068</u>	<u>\$169,835</u>	<u>\$159,286</u>	<u>\$129,617</u>
Liabilities				
Due to student groups	\$119,067	\$168,799	\$159,286	\$128,580
Due to other funds	1	1,036	0	1,037
Total liabilities	<u>\$119,068</u>	<u>\$169,835</u>	<u>\$159,286</u>	<u>\$129,617</u>

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2018*

	Due to (From) Student Groups July 1, 2017	Receipts	Disbursements	Due to (From) Student Groups June 30, 2018
Due to School District:				
Athletic Officials	\$1,844	\$330	\$357	\$1,817
Elementary Claws	92	0	0	92
Elementary Activity	1,631	3,640	2,249	3,022
Employee Recognition	300	0	0	300
Families in Need Program	6	235	2	239
MS/HS Activity	776	3,529	2,946	1,359
S.E. Work Experience	1	0	0	1
XYZ Club	1,695	0	1,695	0
Michigan Sales Tax	251	2,557	2,612	196
Kindergarten	55	820	853	22
First Grade	0	690	690	0
Second Grade	134	620	629	125
Third Grade	801	1,233	1,267	767
Fourth Grade	25	605	625	5
Fifth Grade	255	1,876	1,943	188
Sixth Grade	1,505	0	62	1,443
Graduated-carryover	6,180	248	0	6,428
Class of 2018	1,373	3,757	5,130	0
Class of 2019	131	7,009	6,725	415
Class of 2020	46	819	856	9
Class of 2021	0	681	460	221
Bobcat Archery	643	0	0	643
Varsity Baseball	221	2,914	1,039	2,096
Basketball - Boys	982	1,440	1,495	927
Cheerleaders	358	1,094	949	503
Cross Country	1,403	3,308	3,814	897
Varsity Football	8,220	19,945	21,940	6,225
Hubbard Concessions	5,413	9,066	11,029	3,450
High School Girls Track	938	4,324	1,626	3,636
Basketball-Girls	912	11,190	10,075	2,027
Volleyball	6,594	4,622	5,406	5,810
Cheerleaders-MS	498	0	0	498
Golf	0	2,404	1,306	1,098
Binder Scholarship	1,024	0	250	774
Bischoff Scholarship	12,443	0	0	12,443
Lennard Scholarship	6	300	100	206
Seegert Scholarship	19,295	0	1,500	17,795
Van Hove Scholarship	1,165	0	200	965

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2018*

	Due to (From) Student Groups July 1, 2017	Receipts	Disbursements	Due to (From) Student Groups June 30, 2018
(Continued)				
King Scholarship	\$1,625	\$0	\$100	\$1,525
Whiteford Community Scholarship	37	0	0	37
Liz Lykowski Scholarship	5,859	0	300	5,559
Class of '76 Scholarship	165	1,150	1,000	315
Winters Scholarship	0	1,000	1,000	0
Wing Trust Scholarship	0	3,000	3,000	0
Dean Knight Scholarship	30	0	0	30
WRC P2P Scholarship	262	0	0	262
WAS FAC/Staff Scholarship	0	220	0	220
Elementary Art	2	0	1	1
MS/HS Art	80	0	0	80
Band	1	0	0	1
HS Agri/FFA	11,687	22,134	15,712	18,109
Elementary Camp	1,892	17,315	19,084	123
Challenge Day	21	0	0	21
MS/HS Spirit Committee	236	0	200	36
Student Prev Lead Team	2,752	2,000	833	3,919
Choir-All	82	0	0	82
Elementary Crafting For Literacy	673	300	516	457
Science Fair	572	0	0	572
Honor Society	440	228	404	264
Elementary Journalism	858	71	55	874
High School Journalism	5,066	11,461	9,686	6,841
Middle School Journalism	605	884	1,473	16
Elementary Library	378	2,518	1,847	1,049
High School Library	44	0	15	29
High Project DC	0	2,821	2,415	406
Life Management	89	0	89	0
Put-in-Bay	65	0	0	65
MS Recycling	750	104	678	176
Solar Sprint	896	0	0	896
Spanish Club	69	0	69	0
Elementary Student Council	689	1,426	1,322	793
Student Council - High School	3,186	1,874	3,093	1,967
Student Council - Middle School	118	2,302	2,280	140
Founders Day	0	3,600	79	3,521

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2018*

	Due to (From) Student Groups July 1, 2017	Receipts	Disbursements	Due to (From) Student Groups June 30, 2018
(Concluded)				
Legacy	\$900	\$0	\$900	\$0
Elementary Special Education	645	670	400	915
Counseling Program	418	0	149	269
Superintendent Activity	109	2,977	2,680	406
Café - Needy Students	50	100	3	147
Interest / Service Charge	0	68	68	0
MS/HS Quiz Bowl	0	500	3	497
MS/HS Families in Need	0	320	2	318
W'Ford Fire Dept. Scholarship	500	500	0	1,000
Total Due to Student Groups	<u>\$119,067</u>	<u>\$168,799</u>	<u>\$159,286</u>	<u>\$128,580</u>

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

*Summary of 2017 Tax Levy
Year Ended June 30, 2018*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	18.00	\$41,427,068	\$745,687
General Fund operating - commercial	6.00	4,356,439	26,139
2015 Debt Retirement Fund	2.60	197,535,198	509,896
2015 Debt Retirement Fund - IFT	1.30	1,216,996	1,582
Sinking Fund	1.00	197,535,198	197,535
Sinking Fund - IFT	0.50	1,216,996	608
			<u>1,481,447</u>
Summerfield Township			
General Fund operating - non-homestead	18.00	395,941	7,127
2015 Debt Retirement Fund	2.60	1,910,444	4,967
Sinking Fund	1.00	1,910,444	1,910
			<u>14,004</u>
Riga Township			
General Fund operating - non-homestead	18.00	548,404	9,871
General Fund operating - commercial	6.00	700	4
2015 Debt Retirement Fund	2.60	6,975,862	18,137
Sinking Fund	1.00	6,975,862	6,976
			<u>34,988</u>
Total			<u><u>\$1,530,439</u></u>
Summary			
General Fund operating - non-homestead		42,371,413	\$762,685
General Fund operating - commercial		4,357,139	26,143
2015 Debt Retirement Fund		206,421,504	533,000
2015 Debt Retirement Fund - IFT		1,216,996	1,582
Sinking Fund		206,421,504	206,421
Sinking Fund - IFT		1,216,996	608
			<u><u>\$1,530,439</u></u>

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

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Technology enhancement millage	\$196,573	\$211,418	\$14,845
Total Revenues	196,573	211,418	14,845
Expenditures			
Instruction:			
Salaries	2,841	2,843	(2)
Fringe benefits	1,299	1,275	24
Purchase services	7,701	7,545	156
Supplies	7,838	7,838	0
Capital outlay	18,638	17,933	705
Total Instruction	38,317	37,434	861
Support:			
Salaries	25,173	25,165	8
Fringe benefits	18,613	18,399	214
Purchase services	31,295	31,242	53
Supplies	681	667	14
Capital outlay	64,837	64,352	485
Other	743	743	0
Total Support	141,342	140,568	774
Total Expenditures	179,659	178,002	1,635
Net Change in Fund Balance	16,914	33,416	(13,210)
Restricted for Technology Enhancement - Beginning of Year	112,939	112,939	0
Restricted for Technology Enhancement - End of Year	\$129,853	\$146,355	(\$13,210)

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

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2018*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Admissions	\$28,450	\$33,853	\$34,182	\$329
Participation fees	28,450	36,480	36,355	(125)
Other	0	10,123	12,974	2,851
Total Local Sources	56,900	80,456	83,511	3,055
State Sources:				
Restricted grants	11,896	11,954	12,218	264
Total Revenues	<u>\$68,796</u>	<u>\$92,410</u>	<u>\$95,729</u>	<u>\$3,319</u>
Expenditures				
Pupil Transportation:				
Salaries	\$5,075	\$5,531	\$5,593	(\$62)
Employee benefits	2,432	2,648	2,661	(13)
Other	600	600	600	0
Central Services:				
Staff services				
Purchased services	2,000	800	218	582
Athletics:				
Salaries	94,054	100,078	99,156	922
Employee benefits	39,056	41,434	40,754	680
Purchased services	32,625	32,803	31,421	1,382
Supplies and materials	4,625	4,705	3,503	1,202
Capital outlay	1,800	3,165	7,024	(3,859)
Other	2,229	4,286	4,036	250
Total Expenditures	<u>\$184,496</u>	<u>\$196,050</u>	<u>\$194,966</u>	<u>\$1,084</u>

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

*Schedule of Expenditures of Federal Awards
June 30, 2018*

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	171530-1617	\$41,478
Title I	181530-1718	40,407
Title II Part A	170520-1617	25,440
Title II Part A	180520-1718	25,736
Title IV Part A	180750-1718	10,000
Total Passed Through State Dept. of Education		143,061
Passed Through Intermediate School District:		
Homeless Students' Assistance	172320-1617	274
Homeless Students' Assistance	182320-1718	3,700
Total Passed Through Intermediate School District		3,974
Total U.S. Department of Education		147,035
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	1,308
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
Cash Assistance:		
National School Lunch Program		
171960 All Lunches	10.555	63,243
181960 All Lunches	10.555	62,287
		125,530
171970 Breakfast	10.553	14,049
181970 Breakfast	10.553	11,967
		26,016
		151,546
Noncash Assistance (Commodities)		
National Lunch Program Commodities	10.555	12,889
Total U.S. Department of Agriculture		164,435
Total Federal Financial Assistance		\$312,778

Accrued (Deferred) Revenue July 1, 2015	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2016
\$10,164	\$37,164	\$0	\$10,164	\$0
0	0	40,407	28,000	12,407
2,170	12,670	0	2,170	0
0	0	17,933	15,000	2,933
0	0	5,248	5,000	248
<u>12,334</u>	<u>49,834</u>	<u>63,588</u>	<u>60,334</u>	<u>15,589</u>
0	0	274	274	0
0	0	3,700	3,700	0
0	0	3,974	3,974	0
<u>12,334</u>	<u>49,834</u>	<u>67,562</u>	<u>64,308</u>	<u>15,589</u>
<u>\$0</u>	<u>\$1,634</u>	1,308	<u>\$919</u>	<u>\$389</u>
\$0	\$57,334	5,909	\$5,909	\$0
0	0	62,287	60,593	1,694
0	<u>57,334</u>	<u>68,196</u>	<u>66,502</u>	<u>1,694</u>
0	12,915	1,134	1,134	0
0	0	11,967	11,472	495
0	<u>12,915</u>	<u>13,101</u>	<u>12,606</u>	<u>495</u>
0	<u>70,249</u>	<u>81,297</u>	<u>79,108</u>	<u>2,189</u>
0	<u>14,337</u>	<u>12,289</u>	<u>12,289</u>	<u>0</u>
<u>\$0</u>	<u>\$84,586</u>	<u>93,586</u>	<u>\$91,997</u>	<u>\$2,189</u>
		<u>\$162,456</u>		

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018*

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Whiteford Agricultural Schools under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Whiteford Agricultural Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Whiteford Agricultural Schools.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement.
3. Whiteford Agricultural Schools has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.
5. There were no federal awards expended for loan or loan guarantee programs.
6. Whiteford Agricultural Schools does not have any subrecipients.
7. The amounts reported on the Grant Section Auditors Report reconcile with this schedule.

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Board of Education

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

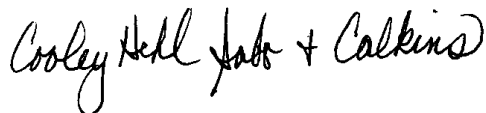
In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

Very truly yours,



September 10, 2018

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

September 10, 2018

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 18, 2018. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whiteford Agricultural Schools are described in Note 2 to the financial statements. During 2018, Whiteford Agricultural Schools implemented Governmental Accounting Standard Board Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We noted no transactions entered into by Whiteford Agricultural Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Financial statement disclosures are neutral, consistent, and clear.

To the Board of Education
Whiteford Agricultural Schools

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Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 10, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

To the Board of Education
Whiteford Agricultural Schools

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

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Cooley Hill Jacobs + Colkins". The signature is written in black ink and is positioned below the "Very truly yours," text.

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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 6 through 14, 41 through 46, and 47 through 49, respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Board of Education

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, on our consideration of the Whiteford Agricultural School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whiteford Agricultural School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cooley Hell Jabs + Calkins". The signature is written in a cursive, flowing style.

September 10, 2018