

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

ANNUAL FINANCIAL REPORT
June 30, 2022

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

*School Board Members
June 30, 2022*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Christine Bischoff	President	12/31/2022
David Dixon	Vice-President	12/31/2022
Mike Iott	Secretary	12/31/2024
Shane Hillard	Treasurer	12/31/2024
Janelle Young	Trustee	12/31/2022
Jeff Bunge	Trustee	12/31/2022
Kristi Mock	Trustee	12/31/2024

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

*Table of Contents
June 30, 2022*

Independent Auditor's Report	1-3
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	4-5
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance	6-7
Management's Discussion and Analysis	8-16
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Notes to Financial Statements	23-50
Required Supplemental Information:	
General Fund:	
Budgetary Comparison Schedule	51
Schedule of School District's Proportionate Share of Net Pension Liability	52
Schedule of School District's Pension Contributions.....	53
Schedule of School District's Proportionate Share of Net OPEB Liability	54
Schedule of School District's OPEB Contributions	55
Notes to Required Supplemental Information.....	56
Other Supplemental Information:	
General Fund:	
Schedule of Revenues - Budget and Actual	57
Schedule of Expenditures - Budget and Actual.....	58-61

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

Table of Contents (Continued)
June 30, 2022

Other Supplemental Information:

Capital Projects Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	62
--	----

Nonmajor Governmental Funds:

Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	64

Food Service Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	65
--	----

Student and School Activity Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	66
--	----

2015 Refunding School Bond

Debt Retirement Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	67
--	----

Sinking Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	68
--	----

Summary of 2021 Tax Levy.....	69
-------------------------------	----

Schedule of Technology Enhancement Millage - Budget and Actual.....	70
---	----

Schedule of Athletics - Budget and Actual	71
---	----

Federal Financial Assistance Programs:

Schedule of Expenditures of Federal Awards	72-75
Notes to Schedule of Expenditures of Federal Awards.....	76
Schedule of Findings and Questioned Costs	77-78

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Opinions

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, 2022, 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.

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 as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Whiteford Agricultural School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Whiteford Agricultural School Districts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may rise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted standards and *Governmental Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal controls relevant to the audit 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 Whiteford Agricultural School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Whiteford Agricultural School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other postemployment benefit (OPEB) schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic 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 other supplemental information, as identified in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022, on our consideration of the Whiteford Agricultural School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Whiteford Agricultural School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whiteford Agricultural School District's internal control over financial reporting and compliance.



October 20, 2022

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 20, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Whiteford Agricultural School District's Response to Findings

Whiteford Agriculture School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Whiteford Agricultural School District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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



October 20, 2022

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Whiteford Agricultural School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Whiteford Agricultural School District's major federal programs for the year ended June 30, 2022. Whiteford Agricultural School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Whiteford Agricultural School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Whiteford Agricultural School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Whiteford Agricultural School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Whiteford Agricultural School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Whiteford Agricultural School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Whiteford Agricultural School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Governmental Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Whiteford Agricultural School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Whiteford Agricultural School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Whiteford Agricultural School internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



October 20, 2022

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

This section of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan (Whiteford Schools or the School District) annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Funds.

Using this Annual Report

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

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

Basic Financial Statements

District-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

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

Other Supplemental Information

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities, 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 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.

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.

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

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, 2022 and 2021.

Table 1

Comparative Statement of Net Position

	June 30, 2022	June 30, 2021
Current and other assets	\$11,274,815	\$8,320,440
Capital assets, net	14,641,091	9,201,850
Total Assets	25,915,906	17,522,290
Deferred Outflows of Resources	4,253,332	4,967,363
Current and other liabilities	3,082,005	2,864,485
Long-term liabilities	24,717,561	23,195,203
Total Liabilities	27,799,566	26,059,688
Deferred Inflows of Resources	5,849,159	1,721,269
Net Position		
Investment in capital assets	122,801	1,322,276
Restricted for technology enhancement	234,455	262,425
Restricted for debt service	184,991	169,276
Restricted for food service	272,388	157,761
Restricted for capital outlay	4,947,103	3,131,222
Unrestricted (deficit), restated	(9,241,225)	(10,334,264)
Total Net Position	(\$3,479,487)	(\$5,291,304)

As depicted in Table 1, the School District's net position was a deficit of \$3,479,487 at June 30, 2022. Of this amount, a negative \$9,241,225 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability and the OPEB liability will have a significant impact on the change in unrestricted net position from year to year.

During the fiscal year ended June 30, 2022, the School District implemented GASB 87, *Leases*. As a result, amounts for June 30, 2021 in Tables 1 and 2 were restated. Refer to Note 21 for more information.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2022 and 2021.

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

District–Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Position

	June 30, 2022	June 30, 2021
Revenues		
Program revenues:		
Charges for services	\$105,232	\$73,736
Operating grants and contributions	2,561,994	2,476,967
	2,667,226	2,550,703
General revenues:		
Property taxes	2,360,213	2,316,133
State foundation allowance	5,802,848	5,300,517
Other general revenues	446,930	289,472
	8,609,991	7,906,122
Total Revenues	11,277,217	10,456,825
Functions/Program Expenses		
Instruction	4,910,938	6,390,843
Support services	3,456,860	3,481,784
Food service	364,366	284,287
Community services	68	140
Interest on long-term debt	250,015	256,440
Depreciation and amortization	483,153	291,282
	9,465,400	10,704,776
Increase (Decrease) in Net Position	1,811,817	(247,951)
Beginning Net Position	(5,291,304)	(5,043,353)
Ending Net Position	(\$3,479,487)	(\$5,291,304)

As indicated in Table 2, the cost of *all governmental* activities this year was \$9,465,400. Of this amount, \$2,667,226 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 \$1,811,817. Revenues increased by \$820,392, which is mostly due to an increase in Federal and State grants related to the COVID-19 pandemic. There was a decrease of total expenses of \$1,239,376, which is mostly attributable to the decrease in pension and OPEB expenses from changes in the deferred outflows, deferred inflows, and the net pension and OPEB liabilities. A reconciliation of the change in fund balances to the change in net position appears on page 20.

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

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 \$8,921,640, which is an increase of \$2,495,277 from last year. The changes by each fund are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>School and Student Activity Fund</u>	<u>Debt Retirement Fund</u>	<u>Sinking Fund</u>	<u>Total</u>
Fund balances- beginning of year	\$2,730,317	\$3,125,059	\$157,761	\$197,379	\$209,684	\$6,163	\$6,426,363
Increase (decrease)	<u>525,469</u>	<u>1,813,323</u>	<u>114,627</u>	<u>28,968</u>	<u>10,332</u>	<u>2,558</u>	<u>2,495,277</u>
Fund balances- End of year	<u><u>\$3,255,786</u></u>	<u><u>\$4,938,382</u></u>	<u><u>\$272,388</u></u>	<u><u>\$226,347</u></u>	<u><u>\$220,016</u></u>	<u><u>\$8,721</u></u>	<u><u>\$8,921,640</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, 2022</u>	<u>June 30, 2021</u>	<u>Percent Change</u>
Revenues			
Local sources	\$1,105,651	\$1,044,140	5.9%
State sources	7,177,789	6,687,768	7.3%
Federal sources	431,872	416,239	3.8%
Interdistrict and other sources	<u>574,397</u>	<u>591,816</u>	(2.9)%
	<u><u>\$9,289,709</u></u>	<u><u>\$8,739,963</u></u>	6.3%

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

Fund Financial Analysis – Concluded

Expenditures	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percent Change</u>
Instruction	\$5,334,941	\$5,330,920	0.1%
Support services	3,160,770	2,723,330	16.1%
Athletics	268,461	241,144	11.3%
Community services	<u>68</u>	<u>140</u>	(51.4)%
	<u><u>\$8,764,240</u></u>	<u><u>\$8,295,534</u></u>	5.7%

General Fund Budgetary Highlights

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

Beginning Budget versus Ending Budget

Revenues – The original budget for revenues was \$8,404,297 versus the final budget of \$9,454,072; difference of \$1,049,775. Major components of the original budget for revenues versus final projections are indicated below:

- Local revenue budget changes include a decrease of \$25,000 for property taxes due to changes in property values.
- State revenues budget changes include:
 - The foundation allowance increased \$389,000, originally budgeted 767 FTE's; actual FTE's were 781.28, increase of 14.28. The budgeted FTE count was based on assumptions that student count might decline due to the pandemic.
 - The foundation was not announced by the time the beginning budget was adopted; adopted budget included a \$200/student increase. Actual increase was \$589/student increasing the foundation allowance from \$8,111 to \$8,700.

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

Beginning Budget versus Ending Budget (Concluded)

- Increases in the MPSERS funds totaling \$200,600 were added.
- All grants are typically budgeted in full. Additional revenues added to the budget for new grants or carryover totaled approximately \$111,723: Robotics \$7,387, Benchmark Assessments \$6,525, CTE Equipment \$18,035, Targeted Literacy \$11,185, Innovative Summer Programs \$20,942, carryover for the ESSER II (Elementary and Secondary School Emergency Relief) Equalization 11r (4) grant in the amount of \$47,649. The At Risk budget decreased by \$1,970 as well as CTE Added Costs funds by \$4,930.
- Federal revenue changes totaled \$272,288 and include:
 - Increase in allocations for Title I and Title II grants, \$2,171 and \$2,204.
 - Budget was added for the following: \$75,813 ESSER II Formula carryover, \$143,000 Summer School, \$14,850 Summer School Credit Recovery, and \$34,250 Teacher/Support Summer School.
- Other revenue budget changes include: an increase in the county special education reimbursement in the amount of \$22,643 which fluctuates each year and is based on prior year costs, sale of obsolete CTE equipment \$14,231 and \$6,400 from a neighboring school district for students attending Whiteford's CTE program.

Expenditures – The original budget for expenditures was \$8,580,449 compared to the final budget of \$9,298,589; an increase of \$718,140. 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.
- The budget was increased approximately \$80,000 due to creation of a new business office support position as part of the transition plan for the department staffing due to Business Manager retirement.
- Adjustments in Operations and Maintenance included:
 - Addition of \$30,000 for salaries & benefits for new part-time maintenance position (hired mid-year)
 - Addition of \$64,000 due to update of custodial contract with third party vendor

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$9,289,709 versus a budget of \$9,454,072, a difference of \$164,363 (1.7%). Some grants were not fully expended therefore all revenue not recognized (summer school, credit recovery, ESSER III and Early Literacy). Also, there were funding changes that related to MPSERS that were not communicated until after June 30th.

Expenditures – General Fund actual expenditures of \$8,764,240 versus a budget of \$9,298,589; a difference of \$534,349 (5.7%). This difference is mainly attributed to the following:

- All grants are budgeted in full however revenues are only recognized for corresponding expenditures.

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

Final Budget versus Actual Figures (Concluded)

- Salaries and related benefits were about \$80,000 less than budget due to some instructional vacancies throughout the year that were covered internally or by substitutes. Retirement costs were also budgeted slightly higher than actual in an attempt to cover all employee plans and matching obligations.
- Operations & Maintenance line items under budget include special projects \$70,025, septic tank disposal \$4,535, custodial \$37,400, gas/electric \$8,900.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2022, the School District had \$20,722,041 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, machinery and equipment, and intangible right-to-use assets. This amount includes a net increase (including additions and disposals) of \$5,764,651 in capital assets. The School District implemented GASB 87, *Leases*, and now reports intangible right-to-use assets for leased vehicles and equipment. This year's additions consisted of the completion of the septic field and greenhouse and along with equipment purchased for the cafeteria and kitchen. Projects that were not completed before year end include the general bond projects. Depreciation and amortization for this year totaled \$483,153. Detailed information regarding capital assets is included in Note 6 to the financial statements.

Debt

At June 30, 2022, the School District had \$13,320,000 in outstanding bonds. During the 2022 fiscal year, the School District received bond proceeds of \$7,145,000. The unamortized premium on the bonds is \$914,808. 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 \$134,111 include accrued vacation, sick and severance pay. More detailed information about long-term liabilities is presented in Note 11 to the Financial Statements.

Development of the 2022-23 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2022-23 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 2023 fiscal year used for the budget was 90 percent of the October student count and 10 percent of the current fiscal year's February's count. The District projected a blended pupil count of 771 students, which is approximately 10 FTE's more than the previous year's actual figure and a foundation increase of \$300/student. Approximately 72% of total revenue is from the foundation allowance and property tax levy.

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.

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

*Management's Discussion and Analysis
Year Ended June 30, 2022*

Development of the 2022-23 Fiscal Year Budget (Concluded)

The budget for the 2022-23 fiscal year was adopted on June 13, 2022. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

Contacting Whiteford Schools Business Office

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

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

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

*Statement of Net Position
June 30, 2022*

	Governmental Activities
Assets	
Cash and cash equivalents	\$4,049,810
Investments	5,576,814
Accounts/taxes receivable	33,594
Due from other governmental units	1,529,173
Deposit	5,050
Inventories	3,446
Prepaid expenses	76,928
Capital assets, net	14,641,091
Total Assets	25,915,906
Deferred Outflows of Resources	
Deferred amount of pension expense	3,042,622
Deferred amount of OPEB expense	1,210,710
Total Deferred Outflows of Resources	4,253,332
Liabilities	
Accounts payable	1,410,001
Salaries payable	471,469
Other liabilities	273,761
Accrued interest payable	35,025
Due to other governmental units	127,595
Unearned revenue	70,349
Long-term liabilities:	
Net pension liability	10,087,089
Net OPEB liability	671,876
Long-term debt - due within one year	600,000
Long-term debt - due in more than one year	12,854,111
Unamortized premium on bond issuance	914,808
Lease commitments - due within one year	93,805
Lease commitments - due in more than one year	189,677
Total Liabilities	27,799,566
Deferred Inflows of Resources	
Deferred amount of net pension liability	3,331,846
Deferred amount of net OPEB liability	2,517,313
Total Deferred Inflows of Resources	5,849,159
Net Position	
Net investment in capital assets	122,801
Restricted for technology enhancement	234,455
Restricted for debt service	184,991
Restricted for food service	272,388
Restricted for capital outlay	4,947,103
Unrestricted (deficit)	(9,241,225)
Total Net Position	(\$3,479,487)

See accompanying notes to the basic financial statements

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

*Statement of Activities
Year Ended June 30, 2022*

Functions/Programs	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$4,910,938	\$0	\$1,579,090	(\$3,331,848)
Support services	3,456,860	84,072	520,849	(2,851,939)
Food services	364,366	21,160	462,055	118,849
Community services	68	0	0	(68)
Interest on long-term debt	250,015	0	0	(250,015)
Depreciation and amortization (Unallocated)	483,153	0	0	(483,153)
 Total Governmental Activities	<u>\$9,465,400</u>	<u>\$105,232</u>	<u>\$2,561,994</u>	<u>(6,798,174)</u>
 General Revenues:				
Taxes:				
Property taxes, levied for general operations				927,974
Property taxes, levied for technology				249,645
Property taxes, levied for debt retirement				1,182,551
Property taxes, levied for sinking				43
State of Michigan aid, unrestricted				5,802,848
Interest and investment earnings				22,487
Gain on sale of capital asset				14,231
Other				410,212
				<u>8,609,991</u>
				 Change in Net Position
				1,811,817
				<u>Net Position - Beginning of year</u>
				(5,291,304)
				<u>Net Position - End of year</u>
				<u>(\$3,479,487)</u>

See accompanying notes to the basic financial statements

FUND FINANCIAL STATEMENTS

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

*Governmental Funds
Balance Sheet
June 30, 2022*

	General	Capital Projects Fund	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$2,813,403	\$518,030	\$718,377	\$4,049,810
Investments	0	5,576,814	0	5,576,814
Accounts/taxes receivable	33,497	0	97	33,594
Due from other governmental units	1,510,957	0	18,216	1,529,173
Due from other funds	0	0	85,120	85,120
Deposit	5,050	0	0	5,050
Inventory	0	0	3,446	3,446
Prepaid expenditures	72,757	0	4,171	76,928
Total Assets	\$4,435,664	\$6,094,844	\$829,427	\$11,359,935
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$186,405	\$1,156,462	\$67,134	\$1,410,001
Salaries payable	470,206	0	1,263	471,469
Other liabilities	273,293	0	468	273,761
Unearned revenue	39,767	0	30,582	70,349
Due to other governmental units	127,595	0	0	127,595
Due to other funds	82,612	0	2,508	85,120
Total Liabilities	1,179,878	1,156,462	101,955	2,438,295
Fund Balances				
Nonspendable:				
Prepaid expenditures	72,757	0	4,171	76,928
Inventory	0	0	3,446	3,446
Restricted for:				
Technology enhancement	234,455	0	0	234,455
Food service	0	0	268,338	268,338
2015 School bond debt retirement	0	0	220,016	220,016
Capital outlay	0	4,938,382	8,721	4,947,103
Committed to:				
Special projects	70,025	0	0	70,025
Student and school activity	0	0	222,780	222,780
Unassigned	2,878,549	0	0	2,878,549
Total Fund Balances	3,255,786	4,938,382	727,472	8,921,640
Total Liabilities and Fund Balances	\$4,435,664	\$6,094,844	\$829,427	\$11,359,935

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, 2022*

Total Fund Balances - Governmental Funds		\$8,921,640
<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	\$20,722,041	
Accumulated depreciation	(6,080,950)	
		14,641,091
Deferred outflows of resources from subsequent pension expense from measurement date		3,042,622
Deferred outflows of resources from subsequent OPEB expense from measurement date		1,210,710
Deferred inflows of resources resulting from net pension liability		(3,331,846)
Deferred inflows of resources resulting from net OPEB liability		(2,517,313)
<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	(10,087,089)	
Net OPEB liability	(671,876)	
Bonds payable plus bond premiums	(14,234,808)	
Lease commitments	(283,482)	
Compensated absences	(134,111)	
Accrued interest	(35,025)	
		(25,446,391)
Total Net Position - Governmental Activities		(\$3,479,487)

See accompanying notes to the basic financial statements

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

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2022*

	General	Capital Projects Fund	Other Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$1,105,651	\$6,793	\$1,424,590	\$2,537,034
State sources	7,177,789	0	29,082	7,206,871
Federal sources	431,872	0	442,838	874,710
Interdistrict and other sources	560,166	0	0	560,166
Total Revenues	9,275,478	6,793	1,896,510	11,178,781
Expenditures				
Instruction	5,334,941	0	0	5,334,941
Support services	3,160,770	0	565,521	3,726,291
Capital outlay	0	5,907,244	0	5,907,244
Debt service	0	0	1,174,504	1,174,504
Athletics	268,461	0	0	268,461
Community services	68	0	0	68
Total Expenditures	8,764,240	5,907,244	1,740,025	16,411,509
Excess (Deficiency) of Revenues Over Expenditures	511,238	(5,900,451)	156,485	(5,232,728)
Other Financing Sources (Uses)				
General obligation refunding bonds issued	0	7,145,000	0	7,145,000
Premium on bond	0	568,774	0	568,774
Proceeds from sale of capital assets	14,231	0	0	14,231
Total Other Financing Sources (Uses)	14,231	7,713,774	0	7,728,005
Net Change in Fund Balances	525,469	1,813,323	156,485	2,495,277
Fund Balances - Beginning of year	2,730,317	3,125,059	570,987	6,426,363
Fund Balances - End of year	<u>\$3,255,786</u>	<u>\$4,938,382</u>	<u>\$727,472</u>	<u>\$8,921,640</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, 2022*

Total Net Change in Fund Balances - Governmental Funds	\$2,495,277
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation/Amortization expense	(\$483,153)
Capital outlay	<u>5,922,394</u>
	5,439,241
Repayment of bond principal and lease commitments are expenditures in the governmental funds, while the repayment reduces long-term liabilities in the statement of net position.	1,001,747
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in pension liability	3,816,242
Net change in the deferred inflow of resources related to the net pension liability	(3,261,478)
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	(639,189)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows of resources related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in OPEB liability	1,526,735
Net change in the deferred inflows of resources related to the net OPEB liability	(866,412)
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions	(74,842)
Bond issuance proceeds provide an other financing source in the governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(7,713,774)
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	73,311
Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid	5,383
Net changes in the liability for compensated absences are reported as expenditures in governmental funds	<u>9,576</u>
Change in Net Position of Governmental Activities	<u><u>\$1,811,817</u></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, 2022*

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

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

Reporting Entity

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

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

Note 2 **Summary of Significant Accounting Policies**

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

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

Individual major governmental funds are reported as separate columns in the fund financial statements.

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.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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

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

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

The School District reports the following major governmental funds:

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

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

The School District reports the following nonmajor governmental funds:

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 2

Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 2

Summary of Significant Accounting Policies (Continued)

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

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

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

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The district reports deferred inflows of resources related to unavailable revenue, revenue in support of pension contributions made subsequent to the measurement date, and deferred pension and OPEB plan costs.

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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

- D. Estimates** - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items** - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.
- F. Budgetary Policies** - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

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

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

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

- G. Restricted Assets** - The cash and investments for technology enhancement, debt service, and capital outlay are restricted for specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent cash that can only be used for which the revenue was received.
- H. Reclassifications** - Certain prior year amounts have been reclassified to conform with current year presentation.
- I. Subsequent Events** – The School District’s management evaluated subsequent events from June 30, 2022 through October 20, 2022, 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, 2022*

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, 2022, the School District incurred expenditures in a budgetary function which was in excess of the amounts appropriated. There were no deficit fund balances for any of the School District’s funds required to be budgeted. Expenditures exceeded final budgeted amounts in the following funds:

	Final Budget	Actual Expenditures	Variance
Capital Projects Fund	\$5,447,272	\$5,907,244	(\$459,972)
2015 Refunding School Bond Debt Retirement Fund	1,174,500	1,174,504	(4)

Note 4 **Deposits and Investments**

State statutes and the School District’s investment policy authorized 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, certificates of deposit, commercial paper rated prime at the time of purchase that matures no 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.

The School District’s deposits and investments are all on deposit with First Merchants Bank, Fifth Third Bank, Huntington Bank, Chemical Bank, CIBC Bank, UMB, and Flagstar.

The School District’s cash and investments are subject to several types of risk, which are examined in more detail in the following paragraphs:

- 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*** – State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO’s). As of June 30, 2022, the School District did not have any investments that have this type of risk.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 4 Deposits and Investments (Continued)

- 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 \$4,272,648 invested in checking accounts and money market accounts. The School District's deposits are insured by the FDIC in the amount of \$1,250,000. Uninsured deposits are \$3,022,648.
- E. **Custodial credit risk - investments** - For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

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

At June 30, 2022, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Not Measured at Fair Value	Fair Value	Weighted Average Maturity (Days)	Rating	Rating Organization
UMB Municipal Bonds	\$0	\$399,012	0.8333	AA	Standard & Poor's
UMB Commercial Paper	5,177,802	0	0.2051	AA - AAA	Moody's
Total	\$5,177,802	\$399,012			

Portfolio Weighted Average Maturity 1.0384

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established, which requires an entity to maximize the use of observable and minimize the use of unobservable inputs.

Level 1: Quoted prices in active markets for identical securities.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 4 Deposits and Investments (Concluded)

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The School District has the following recurring fair value measurements as of June 30, 2022:

<u>Investment</u>	<u>Balance at June 30, 2022</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
UMB Municipal Bonds	\$399,012	\$399,012	\$0	\$0

Note 5 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2022, consisted of the following individual fund receivables and payables:

<u>Due From</u>	<u>Due To</u>		
	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Food Service Fund	\$81,124	\$0	\$81,124
Student an School Activity Fund	1,488	0	1,488
Sinking Fund	0	2,508	2,508
	<u>\$82,612</u>	<u>\$2,508</u>	<u>\$85,120</u>

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

The School District did not have any interfund transfers during the fiscal year ended June 30, 2022.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 6 **Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Construction in progress	1,012,808	5,169,472	61,342	6,120,938
	1,034,721	5,169,472	61,342	6,142,851
Capital assets being depreciated:				
Land improvements	1,124,043	665,033	0	1,789,076
Buildings and building improvements	11,867,803	86,976	34,899	11,919,880
Machinery and equipment	379,555	62,255	122,844	318,966
Vehicles	196,039	0	0	196,039
	13,567,440	814,264	157,743	14,223,961
Total capital assets	14,602,161	5,983,736	219,085	20,366,812
Less accumulated depreciation:				
Land improvements	(381,629)	(89,375)	0	(471,004)
Buildings and building improvements	(5,020,552)	(281,089)	(34,899)	(5,266,742)
Machinery and equipment	(197,092)	(18,935)	(122,844)	(93,183)
Vehicles	(156,267)	(4,947)	0	(161,214)
	(5,755,540)	(394,346)	(157,743)	(5,992,143)
Total accumulated depreciation	(5,755,540)	(394,346)	(157,743)	(5,992,143)
Intangible right-to-use assets				
Leased buses	355,229	0	0	355,229
Less accumulated amortization	0	(88,807)	0	(88,807)
	355,229	(88,807)	0	266,422
Net intangible right-to-use assets	355,229	(88,807)	0	266,422
Net capital assets	\$9,201,850	\$5,500,583	\$61,342	\$14,641,091

Depreciation and amortization 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, 2022*

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 on the ORS website at 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. 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, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2021.

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.78%
Member Investment Plan	3.0 - 7.0%	19.78%
Pension Plus	3.0 - 6.4%	16.82%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

Required contributions to the pension plan from the District were \$1,279,290 for the year ended September 30, 2021.

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

At June 30, 2022, the District reported a liability of \$10,087,089 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2020. The 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, 2021, the District's proportion was 0.04260576 percent, which was an increase of 0.00213 percent from its proportion measured as of September 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,543,512. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$156,253	(\$59,401)
Changes of assumptions	635,854	0
Net differences between projected and actual earnings on pension plan investments	0	(3,242,967)
Changes in proportion and differences between school district contributions and proportionate share of contributions	924,787	(29,478)
School district's contributions subsequent to the measurement date	<u>1,325,728</u>	<u>0</u>
	<u>\$3,042,622</u>	<u>(\$3,331,846)</u>

\$1,325,728 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

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

	<u>Amount</u>
2022	\$67,255
2023	(278,283)
2024	(590,147)
2025	<u>(813,777)</u>
	<u>(\$1,614,952)</u>

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, 2022*

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans	6.80%, net of investment expenses
- Pension Plus Plan	6.80%, net of investment expenses
- Pension Plus 2 Plan	6.00%, net of investment expenses
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Active Members	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, 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: 4.4367
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2021 MPSERS Comprehensive Annual Financial Report found on the ORS website at michigan.gov/orsschools.

The long-term expected rate of return on plan assets - The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.4%
Private Equity Pools	16.00	9.1
International Equity Pools	15.00	7.5
Fixed Income Pools	10.50	(0.7)
Real Estate and Infrastructure Pools	10.00	5.4
Absolute Return Pools	9.00	2.6
Real Return/Oppportunistic Pools	12.50	6.1
Short Term Investment Pools	2.00	(1.3)
	100.00%	

* Long-term rates of return are net of administrative expenses and 2.0% inflation

Rate of return – For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
<u>(5.80% / 5.80% / 5.0%)</u>	<u>(6.80% / 6.80% / 6.0%)</u>	<u>(7.80% / 7.80% / 7.0%)</u>
\$14,421,802	\$10,087,089	\$6,493,328

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

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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

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

Payable to the Pension Plan – At June 30, 2022, the School District reported a payable of approximately \$204,510 for the outstanding amount of pension contributions to the pension plan required for the year ended June 30, 2022.

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 michigan.gov/orsschools.

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

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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

Benefits Provided (Concluded) - 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 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, 2020 valuation will be amortized over a 18-year period beginning on October 1, 2020 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2021.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.43%
Personal Healthcare Fund (PHF)	0.00%	7.57%

Required contributions to the OPEB plan from School District were \$326,763 for the year ended September 30, 2021.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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 - At June 30, 2022, the School District reported a liability of \$671,876 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. 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, 2021, the School District's proportion was 0.04401769 percent, which was an increase of .0029779 percent from its proportion measured as of October 1, 2020.

For the year ending June 30, 2022, the School District recognized OPEB income of \$269,789. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$0	(\$1,917,823)
Changes of assumptions	561,655	(84,045)
Net differences between projected and actual earnings on OPEB plan investments	0	(506,405)
Changes in proportion and differences between school district contributions and proportionate share of contributions	389,034	(9,040)
School district's contributions subsequent to the measurement date	<u>260,021</u>	<u>0</u>
	<u>\$1,210,710</u>	<u>(\$2,517,313)</u>

\$260,021 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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)

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

	Amount
2022	(\$400,582)
2023	(368,027)
2024	(350,297)
2025	(334,720)
2026	(99,890)
Thereafter	(13,108)
	(\$1,566,624)

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, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expenses
Projected Salary Increases:	2.75– 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality:	
- Active Members	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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

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 one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, 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: 6.1312
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2021 MPSERS Comprehensive Annual Financial Report found on the ORS website at michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of September 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.4%
Private Equity Pools	16.00	9.1
International Equity Pools	15.00	7.5
Fixed Income Pools	10.50	(0.7)
Real Estate and Infrastructure Pools	10.00	5.4
Absolute Return Pools	9.00	2.6
Real Return/Opportunistic Pools	12.50	6.1
Short Term Investment Pools	2.00	(1.3)
	<u>100.00%</u>	

*Long-term rates of return are net of administrative expenses and 2.0% inflation.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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

Rate of Return - For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

1% Decrease	Current Discount Rate	1% Increase
5.95%	6.95%	7.95%
<hr/>	<hr/>	<hr/>
\$1,248,467	\$671,876	\$182,556
<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
5.95%	6.95%	7.95%
<hr/>	<hr/>	<hr/>
\$163,529	\$671,876	\$1,243,828
<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 2021 MPSERS CAFR, available on the ORS website at michigan.gov/orsschools.

Payables to the OPEB Plan - At June 30, 2022, the School District reported a payable of approximately \$37,038 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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 4, 2021, at 0.9866 mill for an additional five years, 2021 to 2026. The intermediate school district will distribute the tax collections to the local school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

Note 10 **Unearned Revenue**

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

General Fund:	
Barron Insurance Pressbox	\$26,250
Early Literacy Grant	9,785
Milk Means More	2,019
Vendor donations	1,583
Pay to participate fees	130
Food Service Fund:	
Prepaid student balances	8,163
Supply Chain Assistance Grant	18,389
Student and School Activity Fund:	
Camp fees	4,030
Total	\$70,349

Note 11 **Long-Term Debt**

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

	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due in One Year
2015 Refunding Bonds	\$2,930,000	\$0	\$440,000	\$2,490,000	\$460,000
2020 Building and Site Bonds	4,175,000	0	490,000	3,685,000	0
2022 Building and Site Bonds	0	7,145,000	0	7,145,000	140,000
Premium on bonds	419,345	568,774	73,311	914,808	0
Total bonds payable	7,524,345	7,713,774	1,003,311	14,234,808	600,000
Other Liabilities:					
Compensated absences payable	143,687	0	9,576	134,111	0
	\$7,668,032	\$7,713,774	\$1,012,887	\$14,368,919	\$600,000

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 11 Long-Term Debt (Continued)

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.

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

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

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

These bonds dated March 11, 2015, were issued to defease \$5,760,000 of the 2005 School Building and Site Bonds. The bonds will pledge the full faith, credit, and resources of the School District for payment of principal and interest thereon, and will be payable from an annual property tax millage. The principal and interest requirements to retire the 2015 bonds are as follows:

Fiscal Year	Interest Requirements		Bond Maturities	Total Requirements
	November 1	May 1	May 1	
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
	\$153,300	\$153,300	\$2,490,000	\$2,796,600

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 11 Long-Term Debt (Continued)

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

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

Fiscal Year	Interest Requirements		Bond	Total Requirements
	November 1	May 1	Maturities May 1	
2023	\$55,275	\$55,275	\$0	\$110,550
2024	55,275	55,275	0	110,550
2025	55,275	55,275	0	110,550
2026	55,275	55,275	0	110,550
2027	55,275	55,275	0	110,550
2028	55,275	55,275	160,000	270,550
2029	52,875	52,875	165,000	270,750
2030	50,400	50,400	170,000	270,800
2031	47,850	47,850	175,000	270,700
2032	45,225	45,225	180,000	270,450
2033	42,525	42,525	185,000	270,050
2034	39,750	39,750	190,000	269,500
2035	36,900	36,900	195,000	268,800
2036	33,975	33,975	200,000	267,950
2037	30,975	30,975	205,000	266,950
2038	27,900	27,900	210,000	265,800
2039	24,750	24,750	215,000	264,500
2040	21,525	21,525	225,000	268,050
2041	18,150	18,150	235,000	271,300
2042	14,625	14,625	240,000	269,250
2043	11,025	11,025	245,000	267,050
2044	7,350	7,350	255,000	269,700
2045	3,525	3,525	235,000	242,050
	<u>\$840,975</u>	<u>\$840,975</u>	<u>\$3,685,000</u>	<u>\$5,366,950</u>

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 11 **Long-Term Debt (Continued)**

2022 School Building and Site Bonds - \$7,145,000 - Interest rate 3.0-4.0%

These bonds were approved by the voters of the School District on November 5, 2019. The proceeds were used for erecting, furnishing and equipping an arts program addition and a multi-purpose gymnasium addition to the middle/high school; remodeling, furnishing and refurbishing, and equipping and re-equipping existing school buildings; acquiring and installing instructional technology in school buildings; erecting, furnishing, and equipping a new bus garage; and preparing, developing, improving, and equipping athletic fields and facilities and sites. The bonds will pledge the full faith, credit, and resources of the School District for payment of principal and interest thereon, and will be payable from an annual property tax millage. The principal and interest requirements to retire the 2022 bonds are as follows:

Fiscal Year	Interest Requirements		Bond	Total
	November 1	May 1	Maturities May 1	
2023	\$0	\$259,472	\$140,000	\$399,472
2024	116,650	116,650	340,000	573,300
2025	109,850	109,850	265,000	484,700
2026	104,550	104,550	0	209,100
2027	104,550	104,550	0	209,100
2028	104,550	104,550	320,000	529,100
2029	98,150	98,150	330,000	526,300
2030	91,550	91,550	345,000	528,100
2031	84,650	84,650	355,000	524,300
2032	77,550	77,550	360,000	515,100
2033	70,350	70,350	365,000	505,700
2034	64,875	64,875	370,000	499,750
2035	59,325	59,325	380,000	498,650
2036	53,625	53,625	385,000	492,250
2037	47,850	47,850	390,000	485,700
2038	42,000	42,000	400,000	484,000
2039	36,000	36,000	405,000	477,000
2040	29,925	29,925	415,000	474,850
2041	23,700	23,700	425,000	472,400
2042	17,325	17,325	440,000	474,650
2043	10,725	10,725	450,000	471,450
2044	3,975	3,975	165,000	172,950
2045	1,500	1,500	100,000	103,000
	<u>\$1,353,225</u>	<u>\$1,612,697</u>	<u>\$7,145,000</u>	<u>\$10,110,922</u>

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 11 Long-Term Debt (Concluded)

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirements</u>
2023	\$469,622	\$600,000	\$1,069,622
2024	425,050	820,000	1,245,050
2025	392,250	760,000	1,152,250
2026	361,850	515,000	876,850
2027	341,250	540,000	881,250
2028-2032	1,416,150	2,560,000	3,976,150
2033-2037	960,300	2,865,000	3,825,300
2038-2042	511,800	3,210,000	3,721,800
2043-2045	76,200	1,450,000	1,526,200
	<u>\$4,954,472</u>	<u>\$13,320,000</u>	<u>\$18,274,472</u>

Note 12 Lease Commitments

In fiscal year 2022, the School District implemented the guidance in GASB No. 87, *Leases*, and recognized the value of school buses leased under long-term contracts.

On July 15, 2019, the School District entered into three separate leases with Santander Leasing LLC for school buses. The term of these leases is 72 months, with annual payments ranging from \$2,397 to \$36,978, with interest rates ranging from 3.68-4.75%.

On July 15, 2020, the School District entered into a lease with Santander Leasing LLC for school buses. The term of this lease is 72 months, with annual payments ranging from \$16,469 to \$33,667, with an interest rate of 2.8%.

The leased buses and accumulated amortization of the right-to-use assets are outlined in Note 6. Minimum lease payments over the next 3 years are as follows:

<u>Fiscal Year</u>	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$93,805	\$10,159	\$103,964
2024	102,013	6,730	108,743
2025	71,644	3,038	74,682
2026	16,020	449	16,469
Totals	<u>\$283,482</u>	<u>\$20,376</u>	<u>\$303,858</u>

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

*Notes to Financial Statements
Year Ended June 30, 2022*

Note 13 **Property Taxes**

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2021 property taxes were levied on December 1, 2021 on assessed valuations as of December 31, 2021. Taxes were collected beginning December 1, 2021 and payments were due by February 14, 2022. Taxable values are based on a percentage of the fair market value of the assessed property. See "Summary of 2021 Tax Levy" for more information.

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, 2022, the School District did incur claims of \$3,781.

Note 15 **Cafeteria Contract**

During the fiscal year ended June 30, 2022, the School District contracted with The Nutrition Group to cover all cafeterias within the School District. Pursuant to this agreement, The Nutrition Group manages the food service operations of the School District. All costs of The Nutrition Group have been reflected in the financial statements of the Food Service Fund.

Note 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, 2022.

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.

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

*Notes to Financial Statements
Year Ended June 30, 2022*

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.

Note 20 **Capital Projects Fund**

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

Note 21 **Restatement**

In January 2017, the Governmental Accounting Standards Board issued GASB Statement Number 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District implemented this standard effective July 1, 2021. As a result of this implementation, beginning balances were restated on the government-wide statement of net position. Capital assets and long-term liabilities both increased \$355,229 to account for existing bus leases.

REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$1,074,535	\$1,108,117	\$1,105,651	(\$2,466)
State sources	6,465,907	7,164,443	7,177,789	13,346
Federal sources	335,632	607,770	431,872	(175,898)
Interdistrict and other sources	528,223	559,511	560,166	655
Total Revenues	8,404,297	9,439,841	9,275,478	(164,363)
Expenditures				
Instruction:				
Basic programs	4,287,737	4,636,659	4,357,832	278,827
Added needs	915,671	1,003,375	977,109	26,266
Support services:				
Pupil	433,071	347,418	336,482	10,936
Instructional staff	225,058	358,957	327,815	31,142
General administration	329,921	309,584	298,666	10,918
School administration	546,036	545,593	536,843	8,750
Business administration	246,184	335,568	326,475	9,093
Operation and maintenance	806,651	903,595	762,994	140,601
Pupil transportation	417,625	436,882	432,070	4,812
Central services	114,947	151,637	139,425	12,212
Athletics	257,548	269,221	268,461	760
Community services	0	100	68	32
Total Expenditures	8,580,449	9,298,589	8,764,240	534,349
Excess (Deficiency) of Revenues Over Expenditures	(176,152)	141,252	511,238	369,986
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	0	14,231	14,231	0
Net Change in Fund Balances	(176,152)	155,483	525,469	369,986
Fund Balances - Beginning of year	2,504,730	2,730,317	2,730,317	0
Fund Balances - End of year	\$2,328,578	\$2,885,800	\$3,255,786	\$369,986

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)*

	2021	2020	2019	2018	2017	2016	2015	2014
A. School District's proportion of net pension liability (%)	0.04261%	0.04047%	0.03862%	0.03721%	0.03625%	0.03453%	0.03206%	0.03296%
B. School District's proportion proportionate share of net pension liability	\$10,087,089	\$13,903,331	\$12,790,324	\$11,184,651	\$9,395,072	\$8,614,164	\$7,829,613	\$7,260,411
C. School District's covered-employee payroll	\$4,016,581	\$3,654,217	\$3,440,900	\$3,239,983	\$3,070,857	\$3,020,287	\$2,685,414	\$2,812,081
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	39.82%	26.28%	26.90%	28.97%	32.69%	35.06%	34.30%	38.73%
E. Plan fiduciary net position as a percentage of total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

WHITEFORD AGRICULTURAL SCHOOLS

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

	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$1,279,290	\$1,112,284	\$1,026,010	\$1,013,114	\$850,360	\$775,318	\$618,396	\$964,921
B. Contributions in relation to statutorily required contributions*	1,279,290	1,112,284	1,026,010	1,013,114	850,360	775,318	618,396	964,921
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D. School District's covered-employee payroll	\$4,036,206	\$3,810,340	\$3,450,396	\$3,318,156	\$3,199,739	\$3,066,347	\$2,292,845	\$2,792,810
E. Contributions as a percentage of covered-employee payroll	31.70%	29.19%	29.74%	30.53%	26.58%	25.28%	26.97%	34.55%

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

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

WHITEFORD AGRICULTURAL SCHOOLS

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
A. School District's proportion of net OPEB liability (%)	0.04402%	0.04104%	0.03921%	0.03797%	0.03631%
B. School District's proportion proportionate share of net OPEB liability	\$671,876	\$2,198,611	\$2,814,194	\$3,017,915	\$3,215,011
C. School District's covered-employee payroll	\$4,016,581	\$3,654,217	\$3,440,900	\$3,239,983	\$3,070,857
D. School District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	597.82%	166.21%	122.27%	107.36%	95.52%
E. Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

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

WHITEFORD AGRICULTURAL SCHOOLS

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

	2022	2021	2020	2019	2018
A. Statutorily required contributions	\$326,763	\$289,956	\$269,200	\$246,437	\$282,652
B. Contributions in relation to statutorily required contributions*	326,763	289,956	269,200	246,437	282,652
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
D. School District's covered-employee payroll	\$4,036,206	\$3,810,340	\$3,450,396	\$3,318,156	\$3,199,739
E. Contributions as a percentage of covered-employee payroll	8.10%	7.61%	7.80%	7.43%	8.83%

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

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

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

*Notes to Required Supplemental Information
Year Ended June 30, 2022*

Pension Information

Benefit Changes

There were no changes of benefit terms for the pension plan year ended 2021.

Assumption Changes

There were no changes of assumptions for the pension plan year ended 2021.

OPEB Information

Benefit Changes

There were no changes of benefit terms for the OPEB plan year ended 2021.

Assumption Changes

There were no changes of assumptions for the OPEB plan year ended 2021, except for the following:

- 2021 – The OPEB healthcare cost rate assumption used in the September 30, 2021 valuation was 7.0% year 1 graded to 3.5% year 15, 3.0% year 120.
- 2020 – The OPEB healthcare cost rate assumption used in the September 30, 2020 valuation was 7.5% year 1 graded to 3.5% year 15, 3.0% year 120.

OTHER SUPPLEMENTAL INFORMATION

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

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2022*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Local Sources			
Property taxes	\$937,918	\$927,974	(\$9,944)
Investment income	7,175	9,415	2,240
Rental income	450	450	0
Contributions	7,500	7,765	265
Athletics	83,622	83,622	0
Other revenue	71,452	76,425	4,973
Total Local Sources	<u>1,108,117</u>	<u>1,105,651</u>	<u>(2,466)</u>
State Sources			
Unrestricted grants:			
Proposal A obligation	3,131,037	3,131,050	13
Discretionary payment	2,671,764	2,671,798	34
Restricted grants:			
Special education-Headlee obligation	229,166	229,166	0
At risk	148,030	148,190	160
MPSERS rate offset/UAAL/reform	829,160	852,092	22,932
ESSER II per pupil equalization	47,649	47,649	0
Other state grants	76,532	66,739	(9,793)
Transfer from intermediate school district:			
Vocational education	31,105	31,105	0
Total State Sources	<u>7,164,443</u>	<u>7,177,789</u>	<u>13,346</u>
Federal Sources			
Title I	21,278	21,078	(200)
Title IIA	11,012	11,012	0
Title IV	10,000	10,000	0
Medicaid outreach grant	2,250	2,789	539
ESSER II/ESSER II categoricals	233,663	173,306	(60,357)
ESSER III	294,129	182,499	(111,630)
GEER II	34,250	30,000	(4,250)
Pandemic EBT Local Level	614	614	0
Transfer from intermediate school district:			
Homeless Students' Assistance	574	574	0
Total Federal Sources	<u>607,770</u>	<u>431,872</u>	<u>(175,898)</u>
Interdistrict and Other Sources			
County special education tax	292,116	292,116	0
Technology enhancement millage	250,000	249,645	(355)
Bus Driver Safety	0	1,010	1,010
Insurance reimbursements	8,514	8,514	0
Proceeds from sale of capital assets	14,231	14,231	0
Other	8,881	8,881	0
Total Interdistrict and Other Sources	<u>573,742</u>	<u>574,397</u>	<u>655</u>
 Total Revenues	 <u>\$9,454,072</u>	 <u>\$9,289,709</u>	 <u>(\$164,363)</u>

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2022*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$815,968	\$637,424	\$117,322
Middle School	593,242	463,819	85,174
High School	716,790	563,672	120,014
Summer School	59,090	19,397	5,951
	<u>2,185,090</u>	<u>1,684,312</u>	<u>328,461</u>
Added Needs:			
Special education	277,069	191,680	32,381
Compensatory education	167,450	114,222	4,656
Vocational education	61,814	53,563	7,227
	<u>506,333</u>	<u>359,465</u>	<u>44,264</u>
Total Instruction	2,691,423	2,043,777	372,725
Support Services			
Pupil:			
Guidance	121,490	99,743	96
Health	0	0	225
Speech	0	2,861	0
Social work services	0	0	0
Other pupil services	63,161	40,608	3,877
	<u>184,651</u>	<u>143,212</u>	<u>4,198</u>
Instructional Staff:			
Improvement of instruction	79,132	62,714	8,184
Library	5,762	3,240	1,700
Technology assisted	26,291	14,450	105,402
Supervision and Direction of Instructional Staff	8,414	3,909	0
	<u>119,599</u>	<u>84,313</u>	<u>115,286</u>
General Administration:			
Board of Education	4,170	321	26,217
Executive administration	149,283	104,565	2,601
	<u>153,453</u>	<u>104,886</u>	<u>28,818</u>
School Administration:			
Office of the principal	304,970	219,533	7,992
Other school administration	0	0	715
	<u>304,970</u>	<u>219,533</u>	<u>8,707</u>
Business Administration:			
Fiscal services	166,759	139,315	6,347
Internal services	0	0	227
Other business services	0	0	5,071
	<u>166,759</u>	<u>139,315</u>	<u>11,645</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$23,298	\$19,594	\$0	\$1,613,606	\$1,751,256	\$137,650
22,940	7,796	785	1,173,756	1,206,026	32,270
36,824	12,016	30,810	1,480,126	1,495,513	15,387
5,746	0	160	90,344	183,864	93,520
88,808	39,406	31,755	4,357,832	4,636,659	278,827
120	0	0	501,250	513,248	11,998
1,974	0	0	288,302	302,277	13,975
6,813	56,896	1,244	187,557	187,850	293
8,907	56,896	1,244	977,109	1,003,375	26,266
97,715	96,302	32,999	5,334,941	5,640,034	305,093
105	(390)	0	221,044	229,693	8,649
315	0	0	540	540	0
0	0	0	2,861	2,861	0
0	0	4,391	4,391	4,747	356
0	0	0	107,646	109,577	1,931
420	(390)	4,391	336,482	347,418	10,936
4,082	0	0	154,112	163,337	9,225
815	0	0	11,517	11,891	374
787	2,933	0	149,863	157,619	7,756
0	0	0	12,323	26,110	13,787
5,684	2,933	0	327,815	358,957	31,142
2,030	0	3,195	35,933	38,961	3,028
286	2,253	3,745	262,733	270,623	7,890
2,316	2,253	6,940	298,666	309,584	10,918
1,743	(520)	770	534,488	543,773	9,285
1,640	0	0	2,355	1,820	(535)
3,383	(520)	770	536,843	545,593	8,750
770	4,300	3,576	321,067	329,920	8,853
0	0	0	227	227	0
0	0	110	5,181	5,421	240
770	4,300	3,686	326,475	335,568	9,093

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2022*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Support Services (Concluded)			
Operations Building Services:			
Operations and maintenance	\$99,532	\$79,091	\$288,817
Security services	0	0	121,330
	<u>99,532</u>	<u>79,091</u>	<u>410,147</u>
 Pupil Transportation	 152,238	 99,758	 124,060
 Central Services:			
Communication services	0	0	14,589
Staff services	35,123	30,414	17,431
Technology	0	0	28,537
	<u>35,123</u>	<u>30,414</u>	<u>60,557</u>
 Athletics	 <u>96,796</u>	 <u>61,700</u>	 <u>96,695</u>
 Total Support Services	 1,313,121	 962,222	 738,783
 Community Services			
Community Activities	<u>0</u>	<u>0</u>	<u>68</u>
 Total Expenditures	 <u>\$4,004,544</u>	 <u>\$3,005,999</u>	 <u>\$1,111,576</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$135,588	\$38,506	\$130	\$641,664	\$780,323	\$138,659
0	0	0	121,330	123,272	1,942
<u>135,588</u>	<u>38,506</u>	<u>130</u>	<u>762,994</u>	<u>903,595</u>	<u>140,601</u>
35,544	0	20,470	432,070	436,882	4,812
2,554	0	0	17,143	18,722	1,579
231	0	106	83,305	92,432	9,127
410	2,638	7,392	38,977	40,483	1,506
<u>3,195</u>	<u>2,638</u>	<u>7,498</u>	<u>139,425</u>	<u>151,637</u>	<u>12,212</u>
<u>4,594</u>	<u>4,407</u>	<u>4,269</u>	<u>268,461</u>	<u>269,221</u>	<u>760</u>
191,494	54,127	48,154	3,429,231	3,658,455	229,224
0	0	0	68	100	32
<u>\$289,209</u>	<u>\$150,429</u>	<u>\$81,153</u>	<u>\$8,764,240</u>	<u>\$9,298,589</u>	<u>\$534,349</u>

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

*Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2022*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Investment income	\$10,000	\$10,000	\$10,112	\$112
Gain (loss) on investments	0	0	(3,319)	(3,319)
Total Revenues	10,000	10,000	6,793	(3,207)
Expenditures				
Building improvements services:				
Purchase services	415,500	243,900	213,907	29,993
Capital outlay	1,000,000	5,049,722	5,539,631	(489,909)
Other	11,000	153,650	153,706	(56)
Total Expenditures	1,426,500	5,447,272	5,907,244	(459,972)
Net Change in Fund Balances	(1,416,500)	(5,437,272)	(5,900,451)	(463,179)
Other Financing Sources (Uses)				
General obligation bonds issued	0	7,145,000	7,145,000	0
Premium on bond	0	568,774	568,774	0
Total Other Financing Sources (Uses)	0	7,713,774	7,713,774	0
Net Change in Fund Balances	(1,416,500)	2,276,502	1,813,323	(463,179)
Fund Balance - Beginning of year	2,932,428	3,125,059	3,125,059	0
Fund Balance - End of year	<u>\$1,515,928</u>	<u>\$5,401,561</u>	<u>\$4,938,382</u>	<u>(\$463,179)</u>

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

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022*

	Special Revenue Funds		Debt Retirement Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	2015 Refunding School Bond	Sinking	
Assets					
Cash and cash equivalents	\$252,193	\$239,955	\$220,016	\$6,213	\$718,377
Accounts receivable	97	0	0	0	97
Due from other governmental units	18,216	0	0	0	18,216
Due from other funds	81,124	1,488	0	2,508	85,120
Inventory	3,446	0	0	0	3,446
Prepaid expenditures	604	3,567	0	0	4,171
	<u>\$355,680</u>	<u>\$245,010</u>	<u>\$220,016</u>	<u>\$8,721</u>	<u>\$829,427</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$52,501	\$14,633	\$0	\$0	\$67,134
Salaries payable	1,263	0	0	0	1,263
Other liabilities	468	0	0	0	468
Unearned revenue	26,552	4,030	0	0	30,582
Due to other funds	2,508	0	0	0	2,508
	<u>83,292</u>	<u>18,663</u>	<u>0</u>	<u>0</u>	<u>101,955</u>
Fund Balances					
Nonspendable:					
Prepaid expenditures	604	3,567	0	0	4,171
Inventory	3,446	0	0	0	3,446
Restricted for:					
Food service	268,338	0	0	0	268,338
Debt service	0	0	220,016	0	220,016
Capital outlay	0	0	0	8,721	8,721
Committed to:					
Student and school activity	0	222,780	0	0	222,780
	<u>272,388</u>	<u>226,347</u>	<u>220,016</u>	<u>8,721</u>	<u>727,472</u>
Total Fund Balances	<u>272,388</u>	<u>226,347</u>	<u>220,016</u>	<u>8,721</u>	<u>727,472</u>
Total Liabilities and Fund Balances	<u>\$355,680</u>	<u>\$245,010</u>	<u>\$220,016</u>	<u>\$8,721</u>	<u>\$829,427</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, 2022*

	Special Revenue Fund		Debt Retirement Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	2015	Sinking	
			Refunding School Bond		
Revenues					
Local sources	\$21,949	\$225,112	\$1,174,971	\$2,558	\$1,424,590
State sources	19,217	0	9,865	0	29,082
Federal sources	442,838	0	0	0	442,838
Total Revenues	484,004	225,112	1,184,836	2,558	1,896,510
Expenditures					
Food service	367,204	0	0	0	367,204
Support services	2,173	196,144	0	0	198,317
Capital outlay	0	0	0	0	0
Debt service	0	0	1,174,504	0	1,174,504
Total Expenditures	369,377	196,144	1,174,504	0	1,740,025
Net Change in Fund Balances	114,627	28,968	10,332	2,558	156,485
Fund Balances - Beginning of year	157,761	197,379	209,684	6,163	570,987
Fund Balances - End of year	<u>\$272,388</u>	<u>\$226,347</u>	<u>\$220,016</u>	<u>\$8,721</u>	<u>\$727,472</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, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$31,280	\$21,176	\$21,160	(\$16)
Interest income	200	538	668	130
Other	0	122	121	(1)
Total Local Sources	31,480	21,836	21,949	113
State Sources:				
Restricted grants	10,410	18,993	19,217	224
Federal Sources:				
Restricted grants	167,275	417,663	419,138	1,475
Commodities	15,599	22,727	23,700	973
Total Federal Sources	182,874	440,390	442,838	2,448
Total Revenues	224,764	481,219	484,004	2,785
Expenditures				
Operating Building Services:				
Salaries	0	1,943	1,263	680
Employee benefits	0	2,050	465	1,585
Supplies and materials	0	475	445	30
	0	4,468	2,173	2,295
Food Services:				
Purchases services	130,626	133,236	147,607	(14,371)
Supplies and materials	109,819	164,754	176,569	(11,815)
Capital outlay	45,000	68,471	40,234	28,237
Other	2,964	2,794	2,794	0
	288,409	369,255	367,204	2,051
Total Expenditures	288,409	373,723	369,377	4,346
Net Change in Fund Balances	(63,645)	107,496	114,627	7,131
Fund Balance - Beginning of year	97,389	157,761	157,761	0
Fund Balance - End of year	\$33,744	\$265,257	\$272,388	\$7,131

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

*Student and School Activity Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Student and school activities	\$120,000	\$200,000	\$225,112	\$25,112
Expenditures				
Student and School Activities:				
Student and school activities	100,000	230,000	196,144	33,856
Net Change in Fund Balance	20,000	(30,000)	28,968	58,968
Fund Balance - Beginning of year	208,786	197,379	197,379	0
Fund Balance - End of year	\$228,786	\$167,379	\$226,347	\$58,968

**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, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$1,177,097	\$1,179,917	\$1,172,686	(\$7,231)
Investment income	500	1,980	2,285	305
Total Local Sources	1,177,597	1,181,897	1,174,971	(6,926)
State Sources:				
State payment in lieu of tax	7,290	9,865	9,865	0
Total Revenues	1,184,887	1,191,762	1,184,836	(6,926)
Expenditures				
Debt service:				
Principal	930,000	930,000	930,000	0
Interest and fiscal charges	242,450	242,450	242,450	0
Other	2,000	2,050	2,054	(4)
Total Expenditures	1,174,450	1,174,500	1,174,504	(4)
Net Change in Fund Balances	10,437	17,262	10,332	(6,930)
Fund Balance - Beginning of year	196,299	209,684	209,684	0
Fund Balance - End of year	<u>\$206,736</u>	<u>\$226,946</u>	<u>\$220,016</u>	<u>(\$6,930)</u>

**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, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$0	\$43	\$43	\$0
Investment income	0	6	7	1
Other	0	2,508	2,508	0
Total Local Sources	0	2,557	2,558	1
Expenditures				
Capital outlay:				
Capital outlay	5,941	0	0	0
Net Change in Fund Balances	(5,941)	2,557	2,558	1
Fund Balance - Beginning of year	5,941	6,163	6,163	0
Fund Balance - End of year	\$0	\$8,720	\$8,721	\$1

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

*Summary of 2021 Tax Levy
Year Ended June 30, 2022*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	17.4572	\$50,799,208	\$886,812
General Fund operating - commercial	5.4572	5,543,030	30,249
2015 Debt Retirement	2.3000	229,173,429	527,099
2015 Debt Retirement - IFT	1.1500	456,638	525
2019 Debt Retirement	2.6300	229,173,429	602,726
2019 Debt Retirement - IFT	1.3150	456,638	600
			2,048,011
Summerfield Township			
General Fund operating - non-homestead	17.4572	364,560	6,364
2015 Debt Retirement	2.3000	2,045,832	4,705
2019 Debt Retirement	2.6300	2,045,832	5,381
			16,450
Riga Township			
General Fund operating - non-homestead	17.4572	662,719	111,569
General Fund operating - commercial	5.4572	731	4
2015 Debt Retirement	2.3000	7,606,119	17,494
2019 Debt Retirement	2.6300	7,606,119	20,004
			149,071
Total			\$2,213,532
Summary			
General Fund operating - non-homestead		51,826,487	\$1,004,745
General Fund operating - commercial		5,543,761	30,253
2015 Debt Retirement		238,825,380	549,298
2015 Debt Retirement - IFT		456,638	525
2019 Debt Retirement		238,825,380	628,111
2019 Debt Retirement - IFT		456,638	600
			\$2,213,532

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

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2022*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Technology enhancement millage	\$250,000	\$249,646	(\$354)
Expenditures			
Instruction:			
Salaries	23,482	23,532	(50)
Fringe benefits	17,843	15,056	2,787
Purchase services	17,541	14,744	2,797
Supplies	2,200	419	1,781
Capital outlay	37,140	37,119	21
Total Instruction	98,206	90,870	4,599
Support:			
Salaries	49,156	47,677	1,479
Fringe benefits	31,575	30,529	1,046
Purchase services	103,767	102,195	1,572
Supplies	3,000	774	2,226
Capital outlay	6,315	5,571	744
Total Support	193,813	186,746	7,067
Total Expenditures	292,019	277,616	11,666
Net Change in Fund Balance	(42,019)	(27,970)	12,020
Restricted for Technology Enhancement:			
Fund Balance - Beginning of Year	209,173	262,425	53,252
Fund Balance - End of Year	\$167,154	\$234,455	\$65,272

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

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Admissions	\$19,800	\$46,282	\$46,282	\$0
Participation fees	32,840	37,340	37,340	0
Investment income	0	175	172	(3)
Other	833	6,255	7,865	1,610
Total Local Sources	53,473	90,052	91,659	1,607
State Sources:				
Restricted grants	12,831	16,298	16,293	(5)
Total Revenues	\$66,304	\$106,350	\$107,952	\$1,602
Expenditures				
Operations and maintenance:				
Security services				
Purchased services	\$1,500	\$2,165	\$2,164	\$1
Pupil Transportation:				
Salaries	4,825	4,800	5,404	(604)
Employee benefits	2,646	2,679	2,812	(133)
Other				0
Central Services:				
Staff services				
Purchased services	1,670	0	0	0
Athletics:				
Salaries	90,539	96,660	96,795	(135)
Employee benefits	57,111	62,953	61,700	1,253
Purchased services	100,992	94,193	96,695	(2,502)
Supplies and materials	5,125	4,444	4,594	(150)
Capital outlay	1,800	6,642	4,408	2,234
Other	1,981	4,329	4,269	60
Total Expenditures	\$268,189	\$278,865	\$278,841	\$24

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

*Schedule of Expenditures of Federal Awards
June 30, 2022*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Award Amount
<u>U.S. Department of Agriculture</u>		
Passed Through State of Michigan Department of Education:		
Child Nutrition Cluster:		
Cash Assistance:		
Seamless Summer Option - School Breakfast Program	211971	\$5,122
Seamless Summer Option - School Breakfast Program	221971	47,902
		53,024
Seamless Summer Option - National School Lunch Program	211961	32,977
Seamless Summer Option - National School Lunch Program	221961	313,340
Supply Chain Assistance Funds	220910	18,389
		364,706
Summer Food Service Program for Children:		
Summer Food Service Program Operating	210904	23,152
		440,882
Total Cash Assistance		
Noncash Assistance (Commodities)		
National Lunch Program:		
Entitlement Commodities	10.555	22,227
Entitlement Bonus	10.555	1,474
Total Non-Cash Assistance		23,701
Total Child Nutrition Cluster:		
		464,583
Pandemic EBT Local Level Costs	10.649	614
Total U.S. Department of Agriculture		
		465,197
<u>U.S. Department of Education</u>		
Passed Through State of Michigan Department of Education:		
Title I, Part A - Improving Basic Programs	211530-2021	38,914
Title I, Part A - Improving Basic Programs	221530-2122	21,278
		60,192
Title II, Part A - Teacher and Principal Training	210520-2021	17,401
Title II, Part A - Teacher and Principal Training	220520-2122	11,012
		28,413
Title IV, Part A - SSAE	210750-2021	10,000
Title IV, Part A - SSAE	220750-2122	10,000
		20,000

The accompanying notes are an integral part of this Schedule.

Accrued (Deferred) Revenue July 1, 2021	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2022
\$0	\$0	\$5,122	\$5,122	\$0
0	0	50,757	47,902	2,855
0	0	55,879	53,024	2,855
0	0	32,977	32,977	0
0	0	326,959	313,340	13,619
0	0	0	18,389	(18,389)
0	0	359,936	364,706	(4,770)
19,829	0	3,323	23,152	0
19,829	0	419,138	440,882	(1,915)
0	0	22,226	22,226	0
0	0	1,474	1,474	0
0	0	23,700	23,700	0
19,829	0	442,838	464,582	(1,915)
0	0	614	614	0
19,829	0	443,452	465,196	(1,915)
0	38,475	0	0	0
0	0	21,078	21,078	0
0	38,475	21,078	21,078	0
0	16,570	0	0	0
0	0	11,012	11,012	0
0	16,570	11,012	11,012	0
0	10,000	0	0	0
0	0	10,000	10,000	0
0	10,000	10,000	10,000	0

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

*Schedule of Expenditures of Federal Awards
June 30, 2022*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Award Amount
<u>U.S. Department of Education (Concluded)</u>		
Passed Through State of Michigan Department of Education (Concluded):		
Education Stabilization Program (ESP):		
COVID 19 - Governor's Emergency Education Relief (GEER II) Func 211202-2122	84.425C	\$30,000
COVID 19 - ESSER Formula Funds II 213712-2021	84.425D	131,762
COVID 19 - ESSER II Summer Programming K-8 213722-2122	84.425D	143,000
COVID 19 - ESSER II Credit Recovery 9-12 213742-2122	84.425D	14,850
		289,612
COVID 19 - ESSER III 213713-2122	84.425U	296,128
		724,345
Total Passed Through State of Michigan Department of Education		
Passed Through Monroe County Intermediate School District:		
Homeless Students' Assistance 212320-2021	84.196A	1,516
Homeless Students' Assistance 222320-2122	84.196A	574
		2,090
Total Passed Through Monroe County Intermediate School District		
Total U.S. Department of Education		726,435
<u>U.S. Department of Health and Human Services</u>		
Passed Through Monroe County Intermediate School District:		
Medicaid Outreach	93.778	2,789
Total Federal Financial Assistance		\$1,194,421

The accompanying notes are an integral part of this Schedule.

Accrued (Deferred) Revenue July 1, 2021	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2022
\$0	\$0	\$30,000	\$30,000	\$0
55,949	55,949	75,813	131,762	0
0	0	91,967	80,000	11,967
0	0	5,526	3,220	2,306
55,949	55,949	173,306	214,982	14,273
0	0	182,499	0	182,499
55,949	120,994	427,895	287,072	196,772
0	1,516	0	0	0
0	0	574	574	0
0	1,516	574	574	0
55,949	122,510	428,469	287,646	196,772
0	1,461	2,789	2,789	0
<u>\$75,778</u>	<u>\$123,971</u>	<u>\$874,710</u>	<u>\$755,631</u>	<u>\$194,857</u>

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022*

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Whiteford Agricultural School District under programs of the federal government for the year ended June 30, 2022. 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Whiteford Agricultural School District.
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 School District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Management has utilized the MDE NexSys Grant Auditor Report (GAR) in preparing the SEFA.
5. The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with this schedule for USDA donated food commodities and are reported in the cash receipts column.
6. 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.
7. There were no federal awards expended for loan or loan guarantee programs.
8. Whiteford Agricultural School District does not have any subrecipients.
9. Reconciliation to the Financial Statements:

General Fund	\$431,872
Special Revenue Fund:	
Food Service Fund	<u>442,838</u>
Total expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$874,710</u></u>

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

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2022*

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Whiteford Agricultural Schools were prepared in accordance with GAAP.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Whiteford Agricultural Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are disclosed in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Whiteford Agricultural Schools expresses an unmodified opinion on the major federal program.
6. There were no audit findings relative to the major federal award program for Whiteford Agricultural Schools.
7. The program tested as a major programs was the Child Nutrition Cluster (AL #10.553, 10.555, and 10.559).
8. Type A programs are programs that exceed \$750,000 of federal expenditures. Type B programs are programs with federal expenditures at or below \$750,000.
9. Whiteford Agricultural Schools was determined to be a high-risk auditee.

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

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2022*

FINDINGS - FINANCIAL STATEMENTS AUDIT:

2022-001 Significant Audit Adjustments

Finding Type: Significant deficiency in internal controls over financial reporting.

Repeat Finding: No

Criteria: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, we identified and proposed adjustments (which were approved and posted by management) in the Capital Projects Fund.

Cause: The District's failure to reconcile accounts resulted in the following changes:

- Capital Projects Fund – Expenditures and liabilities were understated by approximately \$529,480.

Effect: The net financial statement effect of the journal entries was an overstatement of fund balance of approximately \$529,480.

Recommendation: We recommend that the School District review its account procedures to make certain that account reconciliations are completed accurately, prior to the commencement of the annual audit. The necessary adjustments have been made to the School District's records and appropriately presented in the financial statements. Accordingly, no further corrective action is required at this time.

View of Responsible Officials: Management will conduct a review of the general ledger on an ongoing basis.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

There were no findings or questioned costs related to the major federal award program audit for the year ended June 30, 2022.



"Home of the Bobcats"

Whiteford Agricultural School District

of the Counties of Lenawee and Monroe, Michigan

6655 Consear Road
Ottawa Lake, MI 49267
734-856-1443

Superintendent/Business Office Fax: 734-854-6463
Middle School/High School Fax: 734-856-2564
Elementary School Fax: 734-856-4724

October 20, 2022

Whiteford Agricultural School District
Corrective Action Plan
Finding as of June 30, 2022

Contact Person Responsible: Scott Huard, Superintendent
Michelle Strick, Director of Business and Finance

Finding Number: 2022-001

Corrective Action Planned: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. During the audit, there was a proposed adjustment related to retainage payable (that was approved and posted by management) that was significant to the financial statements. Management conducts reviews of the general ledger on an ongoing basis and makes budgetary adjustments as appropriate, however district management must provide support to the Business Office in obtaining accurate and timely financial information throughout the course of the year, but most importantly at fiscal year-end from internal employees as well as external vendors.

Anticipated Completion Date: The necessary adjustments have been made to the School District's records and are appropriately presented in the financial statements. Accordingly, no further corrective action is deemed necessary.

Sincerely,

A handwritten signature in cursive script that reads "Michelle Strick".

Michelle Strick

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 School District as of and for the year ended June 30, 2022, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

Adjusting Journal Entries

During the audit, we identified and proposed an adjustment (which were approved and posted by management) in the Capital Projects Fund that was significant to the School District's financial statements. Reviewing the general ledger on an ongoing basis will provide the School District with more accurate financial information. We suggest that management conduct a review of the general ledger on an ongoing basis throughout the fiscal year.

The following is not a material weakness or a significant deficiency, but a suggestion to improve your existing accounting policies:

Food Service Fund - Excess Fund Balance

The USDA requires that the ending fund balance does not exceed three months' average of operating expenditures. During the audit, we noted the Food Service Fund has an excess fund balance of \$207,459 at June 30, 2022. The District has an approved plan of action with the Michigan Department of Education to spend down the excess fund balance. We recommend that the District monitors the plan of action, and spend the excess funds no later than June 30, 2023.

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

Very truly yours,

Cooley Hill Jabs + Calkins

October 20, 2022

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

October 20, 2022

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 School District for the year ended June 30, 2022. 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 17, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whiteford Agricultural Schools are described in Note 2 to the financial statements. During the fiscal year ended June 30, 2022, the School District implemented GASB 87, *Leases*. We noted no transactions entered into by Whiteford Agricultural School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

Financial statement disclosures are neutral, consistent, and clear.

To the Board of Education
Whiteford Agricultural Schools

-2-

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 20, 2022.

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 District'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

-3-

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

Restriction on Use

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

Very truly yours,

Cooly Hill Jahn + Calkins