

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

ANNUAL FINANCIAL REPORT
June 30, 2023

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

*School Board Members
June 30, 2023*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Christine Bischoff	President	12/31/2024
David Dixon	Vice-President	12/31/2026
Mike Iott	Secretary	12/31/2024
Shane Hillard	Treasurer	12/31/2024
Janelle Young	Trustee	12/31/2026
Jeff Bunge	Trustee	12/31/2026
Kristi Mock	Trustee	12/31/2024

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

*Table of Contents
June 30, 2023*

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
Management's Discussion and Analysis	6-14
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Notes to Financial Statements	21-49
Required Supplemental Information:	
General Fund:	
Budgetary Comparison Schedule	50
Schedule of School District's Proportionate Share of Net Pension Liability	51
Schedule of School District's Pension Contributions.....	52
Schedule of School District's Proportionate Share of Net OPEB Liability	53
Schedule of School District's OPEB Contributions	54
Notes to Required Supplemental Information.....	55
Other Supplemental Information:	
General Fund:	
Schedule of Revenues - Budget and Actual	56
Schedule of Expenditures - Budget and Actual	57-60

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

Table of Contents (Continued)
June 30, 2023

Other Supplemental Information:

Capital Projects Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	61
Nonmajor Governmental Funds:	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	63
Food Service Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	64
Student and School Activity Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	65
2015 Refunding School Bond Debt Retirement Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	66
Sinking Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	67
Summary of 2022 Tax Levy.....	68
Schedule of Technology Enhancement Millage - Budget and Actual.....	69
Schedule of Athletics - Budget and Actual	70
Federal Financial Assistance Programs:	
Schedule of Expenditures of Federal Awards	71-74
Notes to Schedule of Expenditures of Federal Awards.....	75-76
Schedule of Findings and Questioned Costs	77-78



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— 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

Report on the Audit of the Financial Statements

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 (the “School District”) in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2023, 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, 2023, 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 District’s 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 *Government 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 judgment, 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 23, 2023, 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 solely 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.



Monroe, Michigan
October 23, 2023



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— 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, 2023, 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, 2023.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

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.



Monroe, Michigan
October 23, 2023

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

*Management's Discussion and Analysis
Year Ended June 30, 2023*

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, 2023. 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 LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2023*

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, 2023*

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, 2023 and 2022.

Table 1

Comparative Statement of Net Position

	June 30, 2023	June 30, 2022
Current and other assets	\$6,751,716	\$11,274,815
Capital assets, net	19,073,036	14,641,091
Total Assets	25,824,752	25,915,906
Deferred Outflows of Resources	6,307,960	4,253,332
Current and other liabilities	3,335,423	3,082,005
Long-term liabilities	29,842,748	24,717,561
Total Liabilities	33,178,171	27,799,566
Deferred Inflows of Resources	2,704,576	5,849,159
Net Position		
Investment in capital assets	5,506,116	122,801
Restricted for technology enhancement	149,583	234,455
Restricted for debt service	319,380	184,991
Restricted for food service	130,988	272,388
Restricted for capital outlay	236,832	4,947,103
Unrestricted (deficit)	(10,092,934)	(9,241,225)
Total Net Position	(\$3,750,035)	(\$3,479,487)

As depicted in Table 1, the School District's net position was a deficit of \$3,750,035 at June 30, 2023. Of this amount, a negative \$10,092,934 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2023 and 2022.

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

*Management's Discussion and Analysis
Year Ended June 30, 2023*

District–Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Position

	June 30, 2023	June 30, 2022
Revenues		
Program revenues:		
Charges for services	\$220,728	\$105,232
Operating grants and contributions	2,640,026	2,561,994
	2,860,754	2,667,226
General revenues:		
Property taxes	2,509,757	2,360,213
State foundation allowance	6,257,496	5,802,848
Other general revenues	611,374	446,930
	9,378,627	8,609,991
Total Revenues	12,239,381	11,277,217
Functions/Program Expenses		
Instruction	6,758,621	4,910,938
Support services	4,274,364	3,456,860
Food service	465,643	364,366
Community services	0	68
Payments to not for profit entities	19,200	0
Interest on long-term debt	519,207	250,015
Depreciation and amortization	472,894	483,153
	12,509,929	9,465,400
Increase (Decrease) in Net Position	(270,548)	1,811,817
Beginning Net Position	(3,479,487)	(5,291,304)
Ending Net Position	(\$3,750,035)	(\$3,479,487)

As indicated in Table 2, the cost of *all governmental* activities this year was \$12,509,929. Of this amount, \$2,860,754 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced a decrease in net position this year of \$270,548. Revenues increased by \$962,164, which is mostly due to an increase in Federal and State grants related to the COVID-19 pandemic. There was an increase of total expenses of \$3,044,529, which is mostly attributable to the increase in pension expenses from changes in the deferred outflows, deferred inflows, and the net pension liability. 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, 2023*

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 \$4,307,135, which is a decrease of \$4,614,505 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	\$3,255,786	\$4,938,382	\$272,388	\$226,347	\$220,016	\$8,721	\$8,921,640
Increase (decrease)	<u>76,038</u>	<u>(4,704,377)</u>	<u>(141,400)</u>	<u>(9,078)</u>	<u>170,206</u>	<u>(5,894)</u>	<u>(4,614,505)</u>
Fund balances- End of year	<u><u>\$3,331,824</u></u>	<u><u>\$234,005</u></u>	<u><u>\$130,988</u></u>	<u><u>\$217,269</u></u>	<u><u>\$390,222</u></u>	<u><u>\$2,827</u></u>	<u><u>\$4,307,135</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, 2023</u>	<u>June 30, 2022</u>	<u>Percent Change</u>
Revenues			
Local sources	\$1,248,551	\$1,105,651	12.9%
State sources	8,109,819	7,177,789	13.0%
Federal sources	430,950	431,872	(0.2)%
Interdistrict and other sources	<u>436,375</u>	<u>574,397</u>	(24.0)%
	<u><u>\$10,225,695</u></u>	<u><u>\$9,289,709</u></u>	10.1%

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

*Management's Discussion and Analysis
Year Ended June 30, 2023*

Fund Financial Analysis – Concluded

Expenditures	June 30, 2023	June 30, 2022	Percent Change
Instruction	\$6,043,766	\$5,334,941	13.3%
Support services	3,663,060	3,076,298	19.1%
Athletics	324,166	268,461	20.7%
Community services	0	68	(100.0)%
Payments to not for profit entities	19,200	0	100.0%
Debt service	99,465	84,472	17.7%
	<u>\$10,149,657</u>	<u>\$8,764,240</u>	15.8%

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 \$9,548,509 versus the final budget of \$10,392,695; difference of \$844,186. Major components of the original budget for revenues versus final projections are indicated below:

- Local revenue budget changes include:
 - Increase of \$31,000 for property taxes due to changes in property values.
 - Addition of \$35,800 in investment income due to the increase in bank interest rates.
 - Miscellaneous revenue recognizing expense reimbursements and Chromebook insurance in the amount of \$3,300.
 - Grant revenue of \$3,000 for CTE equipment and \$10,000 earmarked for the purchase of MS Chromebooks.

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

*Management's Discussion and Analysis
Year Ended June 30, 2023*

Beginning Budget versus Ending Budget (Concluded)

- State revenues budget changes include:
 - The foundation allowance increased \$366,000, originally budgeted 771 FTE's; actual FTE's were 802.68, increase of 31.68. 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 \$300/student increase. Actual increase was \$450/student increasing the foundation allowance from \$9,000 to \$9,150.
 - A pass-through stipend for the MI Future Educator awarded to a student teacher enrolled in the program.
 - Increases in the MPSERS funds totaling \$18,547 were added including an additional \$410,161 One Time Deposit to be offset by expenditures in the same amount.
 - All grants are typically budgeted in full. Additional revenues added to the budget for new grants or carryover totaled approximately \$219,143: Robotics \$6,061, Benchmark Assessments \$6,738, CTE Equipment \$20,023, 97 Per Pupil Student Safety payment \$93,884, 31aa Student Mental Health \$93,737, and carryover for Targeted Literacy \$1,402. The At Risk budget decreased by \$11,852, as well as CTE Added Costs funds by \$8,014, and CTE Incentive by \$1,036.
- Federal revenue adjustments totaled (\$273,726) and include:
 - Increase in allocations for Title I and Title II grants, \$2,780 and \$1,409.
 - Budget was added for the following: \$16,679 ESSER III, \$34,070 98c Learning Loss, \$628 P-EBT \$199 Homeless and \$594 23b(2B) Summer School Credit Recovery.
 - Budget was adjusted for the allocations originally budget for 23b(2a) Summer School in the amount of (\$15,318) and for the Esser III 11t Equalization funds (\$314,798) to carry to next year.
- Other revenue budget changes include: an increase in the projected county special education reimbursement in the amount of \$31,302 which fluctuates each year and is based on prior year costs, an increase of \$8,079 in technology millage, and \$15,362 in insurance reimbursements.

Expenditures – The original budget for expenditures was \$9,597,906 compared to the final budget of \$10,389,979; an increase of \$792,073. 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 \$156,000 due to creation of a PT Math Teacher and HR Generalist position and the addition of (3) current teachers teaching on their plan for the year.
- The budget was adjusted \$410,161 to allow the one-time MPSERS deposit flow through the financials as an expense in correlation with the revenue received.
- Adjustments in Operations and Maintenance included:
 - Addition of \$28,000 for salaries & benefits for the change in hiring needs of a part-time maintenance position to a full-time position (hired August 2022).
 - Addition of \$67,000 due to update of custodial contract with third party vendor.
- Adjustments in Basic Programs for Instructional Technology include:
 - Addition of instructional technology purchases including monitors, laptops, docking stations, smartboards, and Chromebooks of \$62,000.

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

*Management's Discussion and Analysis
Year Ended June 30, 2023*

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$10,225,695 versus a budget of \$10,392,695, a difference of \$167,000 (1.6%). 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 (One Time Deposit) that were not communicated until after June 30th.

Expenditures – General Fund actual expenditures of \$10,149,657 versus a budget of \$10,389,979; a difference of \$240,322 (2.4%). This difference is mainly attributed to the following:

- All grants are budgeted in full however revenues are only recognized for corresponding expenditures.
- Retirement costs were budgeted slightly higher than actual in an attempt to cover all employee plans and matching obligations.
- Board of Education line items under budget include legal services \$8,700 and audit services \$4,000.
- Operations & Maintenance line items under budget include special projects \$50,110, building maintenance \$8,700, custodial \$32,000, gas/electric \$8,200.
- Security System line item under budget includes the Lockout Boot System \$93,996.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the School District had \$25,449,266 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 \$4,727,225 in capital assets. This year's additions consisted of an athletic scoring table for the new gym, furniture for the music/band/orchestra rooms, a new tractor for the agricultural program, equipment purchased for the completion of the cafeteria and kitchen renovation, and half of the security system project contracted with Lockout Security System. Projects that were not completed before year end include the general bond projects. Depreciation and amortization for this year totaled \$472,894. Detailed information regarding capital assets is included in Note 6 to the financial statements.

Debt

At June 30, 2023, the School District had \$12,720,000 in outstanding bonds. The unamortized premium on the bonds is \$849,920. 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 \$257,889 include accrued vacation, sick and severance pay. More detailed information about long-term liabilities is presented in Note 11 to the Financial Statements.

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

*Management's Discussion and Analysis
Year Ended June 30, 2023*

Development of the 2023-24 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2023-24 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. For the 2024 fiscal year, the District projected a blended pupil count of 800 students, which is approximately 3 FTE's less than the previous year's actual figure and a foundation increase of \$458/student. Approximately 76% 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.

The budget for the 2023-24 fiscal year was adopted on June 28, 2023. 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, 2023*

	Governmental Activities
Assets	
Cash and cash equivalents	\$4,710,457
Accounts/taxes receivable	52,561
Due from other governmental units	1,901,189
Deposit	5,050
Inventories	4,112
Prepaid expenses	78,347
Capital assets, net	19,073,036
Total Assets	25,824,752
Deferred Outflows of Resources	
Deferred amount of pension expense	4,907,558
Deferred amount of OPEB expense	1,400,402
Total Deferred Outflows of Resources	6,307,960
Liabilities	
Accounts payable	1,193,450
Salaries payable	537,450
Other liabilities	330,307
Accrued interest payable	70,842
Due to other governmental units	262,140
Unearned revenue	121,234
Long-term liabilities:	
Net pension liability	15,982,878
Net OPEB liability	855,061
Long-term debt - due within one year	820,000
Long-term debt - due in more than one year	12,157,889
Unamortized premium on bond issuance	846,920
Total Liabilities	33,178,171
Deferred Inflows of Resources	
Deferred amount of net pension liability	76,020
Deferred amount of State aid funding for pension	704,275
Deferred amount of net OPEB liability	1,924,281
Total Deferred Inflows of Resources	2,704,576
Net Position	
Net investment in capital assets	5,506,116
Restricted for technology enhancement	149,583
Restricted for debt service	319,380
Restricted for food service	130,988
Restricted for capital outlay	236,832
Unrestricted (deficit)	(10,092,934)
Total Net Position	(\$3,750,035)

See accompanying notes to the basic financial statements

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

*Statement of Activities
Year Ended June 30, 2023*

Functions/Programs	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$6,758,621	\$6,432	\$1,527,045	(\$5,225,144)
Support services	4,274,364	86,002	933,101	(3,255,261)
Food services	465,643	128,294	179,880	(157,469)
Payments to not for profit entites	19,200	0	0	(19,200)
Interest on long-term debt	519,207	0	0	(519,207)
Depreciation and amortization (Unallocated)	472,894	0	0	(472,894)
 Total Governmental Activities	<u>\$12,509,929</u>	<u>\$220,728</u>	<u>\$2,640,026</u>	<u>(9,649,175)</u>
 General Revenues:				
Taxes:				
Property taxes, levied for general operations				1,027,558
Property taxes, levied for technology				258,320
Property taxes, levied for debt retirement				1,223,829
Property taxes, levied for sinking				50
State of Michigan aid, unrestricted				6,257,496
Interest and investment earnings				165,850
Gain on early lease termination				9,362
Other				436,162
				<u>9,378,627</u>
 Change in Net Position				<u>(270,548)</u>
 Net Position - Beginning of year				<u>(3,479,487)</u>
 Net Position - End of year				<u>(\$3,750,035)</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, 2023*

	General	Capital Projects Fund	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$2,371,754	\$1,327,612	\$1,011,091	\$4,710,457
Accounts/taxes receivable	52,481	0	80	52,561
Due from other governmental units	1,891,582	0	9,607	1,901,189
Due from other funds	252,550	0	16	252,566
Deposit	5,050	0	0	5,050
Inventory	0	0	4,112	4,112
Prepaid expenditures	77,393	0	954	78,347
Total Assets	\$4,650,810	\$1,327,612	\$1,025,860	\$7,004,282
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$85,421	\$1,089,607	\$18,422	\$1,193,450
Salaries payable	537,450	0	0	537,450
Other liabilities	330,300	0	7	330,307
Unearned revenue	103,675	0	17,559	121,234
Due to other governmental units	262,140	0	0	262,140
Due to other funds	0	4,000	248,566	252,566
Total Liabilities	1,318,986	1,093,607	284,554	2,697,147
Fund Balances				
Nonspendable:				
Prepaid expenditures	77,393	0	954	78,347
Inventory	0	0	4,112	4,112
Restricted for:				
Technology enhancement	149,583	0	0	149,583
Food service	0	0	125,922	125,922
2015 School bond debt retirement	0	0	390,222	390,222
Capital outlay	0	234,005	2,827	236,832
Committed to:				
Special projects	53,381	0	0	53,381
Student and school activity	0	0	217,269	217,269
Unassigned	3,051,467	0	0	3,051,467
Total Fund Balances	3,331,824	234,005	741,306	4,307,135
Total Liabilities and Fund Balances	\$4,650,810	\$1,327,612	\$1,025,860	\$7,004,282

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, 2023*

Total Fund Balances - Governmental Funds		\$4,307,135
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$25,449,266	
Accumulated depreciation	(6,376,230)	
		19,073,036
Deferred outflows of resources from subsequent pension expense from measurement date		4,907,558
Deferred outflows of resources from subsequent OPEB expense from measurement date		1,400,402
Deferred inflows of resources resulting from net pension liability		(76,020)
Deferred inflows of resources resulting from State school aid for pension		(704,275)
Deferred inflows of resources resulting from net OPEB liability		(1,924,281)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability	(15,982,878)	
Net OPEB liability	(855,061)	
Bonds payable plus bond premiums	(13,566,920)	
Lease commitments	0	
Compensated absences	(257,889)	
Accrued interest	(70,842)	
		(30,733,590)
Total Net Position - Governmental Activities		(\$3,750,035)

See accompanying notes to the basic financial statements

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

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023*

	General	Capital Projects Fund	Other Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$1,248,551	\$108,744	\$1,629,727	\$2,987,022
State sources	8,109,819	0	27,903	8,137,722
Federal sources	430,950	0	160,753	591,703
Interdistrict and other sources	436,375	0	0	436,375
Total Revenues	10,225,695	108,744	1,818,383	12,152,822
Expenditures				
Instruction	6,043,766	0	0	6,043,766
Support services	3,663,060	0	727,437	4,390,497
Capital outlay	0	4,813,121	5,990	4,819,111
Debt service	99,465	0	1,071,122	1,170,587
Athletics	324,166	0	0	324,166
Payments to not for profit entities (sub-grantee)	19,200	0	0	19,200
Total Expenditures	10,149,657	4,813,121	1,804,549	16,767,327
Net Change in Fund Balances	76,038	(4,704,377)	13,834	(4,614,505)
Fund Balances - Beginning of year	3,255,786	4,938,382	727,472	8,921,640
Fund Balances - End of year	<u>\$3,331,824</u>	<u>\$234,005</u>	<u>\$741,306</u>	<u>\$4,307,135</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, 2023*

Total Net Change in Fund Balances - Governmental Funds (\$4,614,505)

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	(\$472,894)	
Capital outlay	5,082,453	4,609,559

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.	696,506
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Gain on the early termination of leased asset is recorded in the statement of activities	9,362
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The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in pension liability	(5,895,789)
Net change in the deferred inflow of resources related to the net pension liability	2,551,551
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	1,864,936

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	(183,185)
Net change in the deferred inflows of resources related to the net OPEB liability	593,032
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions	189,692

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	67,888
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Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid	(35,817)
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Net changes in the liability for compensated absences are reported as expenditures in governmental funds	(123,778)
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Change in Net Position of Governmental Activities (\$270,548)

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, 2023*

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, 2023*

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 79% 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, 2023*

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, 2023, 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:

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

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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.

Leases – The School District is a lessee for school buses. The School District recognizes a lease liability and an intangible right-to-use lease asset in the governmental activities column in the district-wide financial statements.

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, 2023*

Note 2

Summary of Significant Accounting Policies (Continued)

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

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 School 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 School 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, 2023*

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 2023.
- 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, 2023 through October 23, 2023, 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, 2023*

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, 2023, 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
Food Service Fund	\$433,015	\$456,845	(\$23,830)
Student and School Activity Fund	251,566	270,592	(19,026)

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, 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, 2023, 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, 2023*

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 \$5,063,897 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 \$3,813,897.

- 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.

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

*Notes to Financial Statements
Year Ended June 30, 2023*

Note 5 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2023, consisted of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General Fund:		
Capital Projects Fund	\$4,000	\$0
Food Service Fund	240,913	0
Student and School Activity Fund	1,133	0
Debt Retirement Fund	514	0
Sinking Fund	5,990	0
Capital Projects Fund:		
General Fund	0	4,000
Food Service Fund:		
General Fund	0	240,913
Student Activity Fund	16	0
Student Activity Fund:		
General Fund	0	1,133
Food Service Fund	0	16
Debt Retirement Fund:		
General Fund	0	514
Sinking Fund:		
General Fund	0	5,990
Total	\$252,566	\$252,566

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, 2023.

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

*Notes to Financial Statements
Year Ended June 30, 2023*

Note 6 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Construction in progress	6,120,938	4,900,304	0	11,021,242
	6,142,851	4,900,304	0	11,043,155
Capital assets being depreciated:				
Land improvements	1,789,076	0	0	1,789,076
Buildings and building improvements	11,919,880	15,046	0	11,934,926
Machinery and equipment	318,966	167,104	0	486,070
Vehicles	196,039	0	0	196,039
	14,223,961	182,150	0	14,406,111
Total capital assets	20,366,812	5,082,454	0	25,449,266
Less accumulated depreciation:				
Land improvements	(471,004)	(89,364)	0	(560,368)
Buildings and building improvements	(5,266,742)	(267,290)	0	(5,534,032)
Machinery and equipment	(93,183)	(22,486)	0	(115,669)
Vehicles	(161,214)	(4,947)	0	(166,161)
	(5,992,143)	(384,087)	0	(6,376,230)
Intangible right-to-use assets				
Leased buses	355,229	0	355,229	0
Less accumulated amortization	(88,807)	(88,807)	(177,614)	0
Net intangible right-to-use assets	266,422	(88,807)	177,615	0
Net capital assets	\$14,641,091	\$4,609,560	\$177,615	\$19,073,036

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, 2023*

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 and a fiduciary component unit of 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, 2021 valuation will be amortized over a 17-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, 2023*

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, 2022.

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.14%
Member Investment Plan	3.0 - 7.0%	20.14%
Pension Plus	3.0 - 6.4%	17.22%
Pension Plus 2	6.2%	19.93%
Defined Contribution	0.0%	13.73%

Required contributions to the pension plan from the School District were \$1,446,449 for the year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the School District reported a liability of \$15,982,878 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2021. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the School District's proportion was 0.04249780 percent, which was a decrease of 0.00011 percent from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$2,295,791. At June 30, 2023, 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, 2023*

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	\$159,885	(\$35,736)
Changes of assumptions	2,746,431	0
Net differences between projected and actual earnings on pension plan investments	37,480	0
Changes in proportion and differences between school district contributions and proportionate share of contributions	560,249	(40,284)
School district's contributions subsequent to the measurement date	<u>1,403,513</u>	<u>0</u>
	<u>\$4,907,558</u>	<u>(\$76,020)</u>

\$1,403,513 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>
2023	\$1,119,737
2024	808,428
2025	585,028
2026	<u>914,832</u>
	<u>\$3,428,025</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 LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2023*

**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, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans	6.00%, net of investment expenses
- Pension Plus Plan	6.00%, 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, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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: 4.3922
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2022 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, 2022, 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, 2023*

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%	5.1%
Private Equity Pools	16.00	8.7
International Equity Pools	15.00	6.7
Fixed Income Pools	13.00	(0.2)
Real Estate and Infrastructure Pools	10.00	5.3
Absolute Return Pools	9.00	2.7
Real Return/Oppportunistic Pools	10.00	5.8
Short-term Investment Pools	2.00	(0.5)
	100.00%	

* Long-term rates of return are net of administrative expenses and 2.2% inflation

Rate of return – For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18)%. 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 6.00% was used to measure the total pension liability (6.00% 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 6.00% (6.00 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 6.00% (6.00% for the Pension Plus plan, 6.00% 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 (5.0%)	Current Single Discount Rate Assumption (6.0%)	1% Increase (7.0%)
\$21,091,462	\$15,982,878	\$11,773,176

*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 LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2023*

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 ACFR, available on the ORS website at michigan.gov/orsschools.

Payable to the Pension Plan – At June 30, 2023, the School District reported a payable of approximately \$220,398 for the outstanding amount of pension contributions to the pension plan required for the year ended June 30, 2023.

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 and a fiduciary component unit of 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, 2023*

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, 2021 valuation will be amortized over a 17-year period beginning on October 1, 2021 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2022.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.09%
Personal Healthcare Fund (PHF)	0.00%	7.23%

Required contributions to the OPEB plan from School District were \$307,511 for the year ended September 30, 2022.

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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, 2023, the School District reported a liability of \$855,061 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, 2022, the School District's proportion was 0.04036995 percent, which was an increase of .00364774 percent from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, the School District recognized OPEB income of \$261,800. At June 30, 2023, 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	(\$1,674,737)
Changes of assumptions	762,143	(62,058)
Net differences between projected and actual earnings on OPEB plan investments	66,830	0
Changes in proportion and differences between school district contributions and proportionate share of contributions	279,789	(187,486)
School district's contributions subsequent to the measurement date	<u>291,640</u>	<u>0</u>
	<u>\$1,400,402</u>	<u>(\$1,924,281)</u>

\$291,640 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, 2023*

**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
2023	(\$261,281)
2024	(246,721)
2025	(233,551)
2026	(20,204)
2027	(46,016)
Thereafter	(7,746)
	(\$815,519)

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, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% 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 LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2023*

**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, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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: 6.2250
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2022 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, 2022, 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%	5.1%
Private Equity Pools	16.00	8.7
International Equity Pools	15.00	6.7
Fixed Income Pools	13.00	(0.2)
Real Estate and Infrastructure Pools	10.00	5.3
Absolute Return Pools	9.00	2.7
Real Return/Oppportunistic Pools	10.00	5.8
Short-term Investment Pools	2.00	(0.5)
	<u>100.00%</u>	

* Long-term rates of return are net of administrative expenses and 2.2% inflation.

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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

Rate of Return - For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was (4.99)%. 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 6.00% 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 6.00%. 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 6.00%, 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 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$1,434,282	\$855,061	\$367,284

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 5.00%	Current Healthcare Cost Trend Rate 6.00%	1% Increase 7.00%
\$358,059	\$855,061	\$1,412,956

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS CAFR, available on the ORS website at michigan.gov/orsschools.

Payables to the OPEB Plan - At June 30, 2023, the School District reported a payable of approximately \$44,354 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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	\$18,750
Early Literacy Grant	22,035
Milk Means More	4,018
Vendor donations	1,100
Pay to participate fees	130
At Risk Grant	48,585
97c Risk Assessment Grant	4,000
97 Student Safety Grant	146
31aa Mental Health Grant	36
97d Critical Incident Mapping Grant	3,000
Barron prepaid donation	1,875
Food Service Fund:	
Prepaid student balances	6,987
Supply Chain Assistance Grant	10,572
Total	\$121,234

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

*Notes to Financial Statements
Year Ended June 30, 2023*

Note 11 Long-Term Debt

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

	Balance June 30, 2022	Additions	Payments	Balance June 30, 2023	Due in One Year
2015 Refunding Bonds	\$2,490,000	\$0	\$460,000	\$2,030,000	\$480,000
2020 Building and Site Bonds	3,685,000	0	0	3,685,000	0
2022 Building and Site Bonds	7,145,000	0	140,000	7,005,000	340,000
Premium on bonds	914,808	0	67,888	846,920	0
Total bonds payable	14,234,808	0	667,888	13,566,920	820,000
 Other Liabilities:					
Compensated absences payable	134,111	123,778	0	257,889	0
	\$14,368,919	\$123,778	\$667,888	\$13,824,809	\$820,000

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

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

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

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.

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

*Notes to Financial Statements
Year Ended June 30, 2023*

Note 11 Long-Term Debt (Continued)

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	Total
	November 1	May 1	Maturities May 1	
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
	\$103,500	\$103,500	\$2,030,000	\$2,237,000

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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 Maturities	Total Requirements
	November 1	May 1	May 1	
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>\$785,700</u>	<u>\$785,700</u>	<u>\$3,685,000</u>	<u>\$5,256,400</u>

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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	
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>\$1,353,225</u>	<u>\$7,005,000</u>	<u>\$9,711,450</u>

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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>
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	319,650	480,000	799,650
2029-2033	1,322,250	2,630,000	3,952,250
2034-2038	874,350	2,925,000	3,799,350
2039-2043	415,500	3,295,000	3,710,500
2044-2045	32,700	755,000	787,700
	<u>\$4,484,850</u>	<u>\$12,720,000</u>	<u>\$17,204,850</u>

Note 12 Lease Commitments

Following is a summary of changes in lease commitments:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due in One Year</u>
Sandtander Leasing LLC - A	\$177,786	\$0	\$177,786	\$0	\$0
Sandtander Leasing LLC - B	105,696	0	105,696	0	0
Total lease commitments	<u>\$283,482</u>	<u>\$0</u>	<u>\$283,482</u>	<u>\$0</u>	<u>\$0</u>

On July 15, 2019, the School Districted 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%. During the current year, this lease was modified to consolidate the three leases under one lease agreement, with the first annual payment of \$77,577 due on July 15, 2022. This lease was not extended into the 2023-24 fiscal year.

On July 15, 2020, the School Districted 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%. This lease was terminated during the 2022-23 fiscal year.

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 2022 property taxes were levied on December 1, 2022 on assessed valuations as of December 31, 2021. Taxes were collected beginning December 1, 2022 and payments were due by February 14, 2023. Taxable values are based on a percentage of the fair market value of the assessed property. See "Summary of 2022 Tax Levy" for more information.

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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, 2023, the School District did not incur claims of \$0.

Note 15 **Cafeteria Contract**

During the fiscal year ended June 30, 2023, 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, 2023.

B. Litigation

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

Note 17 **Risk Management and Insurance Pool**

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

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

Note 18 **Governmental Regulation**

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

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

*Notes to Financial Statements
Year Ended June 30, 2023*

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 **New Accounting Standard**

In May 2020, the Governmental Accounting Standards Board issued GASB Statement Number 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA’s are based on the standards established in Statement No. 87, *Leases*, as amended. The School District implemented this standard effective July 1, 2022; however, there was no material effect to the financial statements as a whole.

REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$1,165,042	\$1,237,970	\$1,248,551	\$10,581
State sources	7,157,928	8,148,170	8,109,819	(38,351)
Federal sources	709,827	436,100	430,950	(5,150)
Interdistrict and other sources	515,712	570,455	436,375	(134,080)
Total Revenues	9,548,509	10,392,695	10,225,695	(167,000)
Expenditures				
Instruction:				
Basic programs	4,924,855	5,130,170	5,080,700	49,470
Added needs	979,002	969,977	963,066	6,911
Support services:				
Pupil	397,713	376,483	420,349	(43,866)
Instructional staff	270,824	260,198	268,010	(7,812)
General administration	327,820	377,567	355,333	22,234
School administration	637,897	685,900	680,417	5,483
Business administration	280,257	318,669	297,956	20,713
Operation and maintenance	933,832	1,319,143	1,127,347	191,796
Pupil transportation	453,249	475,745	377,964	97,781
Central services	113,995	122,404	135,684	(13,280)
Athletics	278,462	334,523	324,166	10,357
Payments to not for profit entities (sub-grantee)	0	19,200	19,200	0
Debt service	0	0	99,465	(99,465)
Total Expenditures	9,597,906	10,389,979	10,149,657	240,322
Net Change in Fund Balances	(49,397)	2,716	76,038	73,322
Fund Balances - Beginning of year	2,885,800	3,255,786	3,255,786	0
Fund Balances - End of year	\$2,836,403	\$3,258,502	\$3,331,824	\$73,322

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)*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. School District's proportion of net pension liability (%)	0.04250%	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	\$15,982,878	\$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	\$3,979,582	\$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 (%)	24.90%	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	60.77%	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)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Statutorily required contributions	\$1,449,449	\$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*	1,449,449	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	\$0
D. School District's covered-employee payroll	\$4,341,083	\$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	33.39%	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)*

	2022	2021	2020	2019	2018	2017
A. School District's proportion of net OPEB liability (%)	0.04037%	0.04402%	0.04104%	0.03921%	0.03797%	0.03631%
B. School District's proportion proportionate share of net OPEB liability	\$855,061	\$671,876	\$2,198,611	\$2,814,194	\$3,017,915	\$3,215,011
C. School District's covered-employee payroll	\$3,979,582	\$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 (%)	465.41%	597.82%	166.21%	122.27%	107.36%	95.52%
E. Plan fiduciary net position as a percentage of total OPEB liability	83.09%	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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Statutorily required contributions	\$307,511	\$326,763	\$289,956	\$269,200	\$246,437	\$282,652
B. Contributions in relation to statutorily required contributions*	<u>307,511</u>	<u>326,763</u>	<u>289,956</u>	<u>269,200</u>	<u>246,437</u>	<u>282,652</u>
C. Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
D. School District's covered-employee payroll	\$4,341,083	\$4,036,206	\$3,810,340	\$3,450,396	\$3,318,156	\$3,199,739
E. Contributions as a percentage of covered-employee payroll	7.08%	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, 2023*

Pension Information

Benefit Changes

There were no changes of benefit terms for the pension plan year ended 2022.

Assumption Changes

There were no changes of assumptions for the pension plan year ended 2022, except for the following:

- 2022 - The investments rates of return were as follows:
 - o MIP and Basic Plans – 6.0%, net of investment expenses
 - o Pension Plus Plan - 6.0%, net of investment expenses
 - o Pension Plus 2 Plan - 6.0%, net of investment expenses

- 2021 - The investments rates of return were as follows:
 - o MIP and Basic Plans – 6.8%, net of investment expenses
 - o Pension Plus Plan - 6.8%, net of investment expenses
 - o Pension Plus 2 Plan - 6.8%, net of investment expenses

OPEB Information

Benefit Changes

There were no changes of benefit terms for the OPEB plan year ended 2022.

Assumption Changes

There were no changes of assumptions for the OPEB plan year ended 2022, except for the following:

- 2022 – The investment rate of return: 6.00%, net of investment expenses.

- 2021 – The investment rate of return: 6.95%, net of investment expenses.

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, 2023*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Local Sources			
Property taxes	\$1,027,558	\$1,027,558	\$0
Investment income	42,191	42,483	292
Contributions	11,707	24,707	13,000
Athletics	84,723	86,002	1,279
Other revenue	71,791	67,801	(3,990)
Total Local Sources	<u>1,237,970</u>	<u>1,248,551</u>	<u>10,581</u>
State Sources			
Unrestricted grants:			
Proposal A obligation	3,160,529	3,116,911	(43,618)
Discretionary payment	3,140,579	3,140,585	6
Restricted grants:			
Special education-Headlee obligation	160,826	160,826	0
At risk	137,148	135,893	(1,255)
MPSERS rate offset/UAAL/reform	1,261,268	1,267,184	5,916
Other state grants	249,783	250,383	600
Transfer from intermediate school district:			
Vocational education	38,037	38,037	0
Total State Sources	<u>8,148,170</u>	<u>8,109,819</u>	<u>(38,351)</u>
Federal Sources			
Title I	20,493	17,713	(2,780)
Title IIA	9,846	8,437	(1,409)
Title IV	10,000	10,000	0
Medicaid outreach grant	2,032	2,032	0
ESSER II/ESSER II categoricals	62,209	64,186	1,977
ESSER III	330,693	327,755	(2,938)
Pandemic EBT Local Level	628	628	0
Transfer from intermediate school district:			
Homeless Students' Assistance	199	199	0
Total Federal Sources	<u>436,100</u>	<u>430,950</u>	<u>(5,150)</u>
Interdistrict and Other Sources			
County special education tax	288,264	168,097	(120,167)
Technology enhancement millage	258,079	258,320	241
Insurance reimbursements	24,112	9,958	(14,154)
Total Interdistrict and Other Sources	<u>570,455</u>	<u>436,375</u>	<u>(134,080)</u>
 Total Revenues	 <u>\$10,392,695</u>	 <u>\$10,225,695</u>	 <u>(\$167,000)</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, 2023*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$911,261	\$786,222	\$89,100
Middle School	706,885	616,317	28,548
High School	870,764	728,915	93,572
Summer School	14,494	8,460	2,454
	<u>2,503,404</u>	<u>2,139,914</u>	<u>213,674</u>
Added Needs:			
Special education	308,114	239,866	8,550
Compensatory education	134,365	97,479	619
Vocational education	65,774	61,617	12,435
	<u>508,253</u>	<u>398,962</u>	<u>21,604</u>
Total Instruction	3,011,657	2,538,876	235,278
Support Services			
Pupil:			
Guidance	129,676	118,541	96
Health	0	0	315
Social work services	71,759	67,024	260
Other pupil services	14,503	10,611	2,720
	<u>215,938</u>	<u>196,176</u>	<u>3,391</u>
Instructional Staff:			
Improvement of instruction	48,360	42,526	15,811
Library	4,836	3,120	2,038
Technology assisted	25,938	16,235	102,597
Supervision and Direction of Instructional Staff	3,380	2,090	0
	<u>82,514</u>	<u>63,971</u>	<u>120,446</u>
General Administration:			
Board of Education	3,540	274	38,370
Executive administration	165,013	135,332	4,163
	<u>168,553</u>	<u>135,606</u>	<u>42,533</u>
School Administration:			
Office of the principal	369,437	298,115	10,020
Other school administration	0	0	0
	<u>369,437</u>	<u>298,115</u>	<u>10,020</u>
Business Administration:			
Fiscal services	175,380	104,337	3,994
Internal services	0	0	276
Other business services	0	0	8,119
	<u>175,380</u>	<u>104,337</u>	<u>12,389</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$28,974	\$46,995	\$0	\$1,862,552	\$1,876,138	\$13,586
27,372	47,390	795	1,427,307	1,441,652	14,345
28,000	19,968	21,925	1,763,144	1,774,567	11,423
2,289	0	0	27,697	37,822	10,125
86,635	114,353	22,720	5,080,700	5,130,179	49,479
412	0	0	556,942	564,058	7,116
1,601	0	0	234,064	233,749	(315)
9,912	20,051	2,271	172,060	172,171	111
11,925	20,051	2,271	963,066	969,978	6,912
98,560	134,404	24,991	6,043,766	6,100,157	56,391
119	0	0	248,432	223,010	(25,422)
131	0	0	446	456	10
0	0	4,594	143,637	125,071	(18,566)
0	0	0	27,834	27,948	114
250	0	4,594	420,349	376,485	(43,864)
0	0	0	106,697	102,044	(4,653)
542	0	0	10,536	10,389	(147)
537	0	0	145,307	143,094	(2,213)
0	0	0	5,470	4,671	(799)
1,079	0	0	268,010	260,198	(7,812)
54	0	3,385	45,623	57,491	11,868
1,000	0	4,202	309,710	320,075	10,365
1,054	0	7,587	355,333	377,566	22,233
1,018	0	820	679,410	683,507	4,097
1,007	0	0	1,007	2,390	1,383
2,025	0	820	680,417	685,897	5,480
594	1,075	4,102	289,482	309,945	20,463
0	0	0	276	276	0
0	0	79	8,198	8,448	250
594	1,075	4,181	297,956	318,669	20,713

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2023*

	Salaries	Employee Benefits	Purchased Services
Support Services (Concluded)			
Operations Building Services:			
Operations and maintenance	\$135,402	\$123,389	\$422,276
Security services	0	0	98,660
	<u>135,402</u>	<u>123,389</u>	<u>520,936</u>
Pupil Transportation	166,281	117,212	43,469
Central Services:			
Communication services	0	0	10,916
Staff services	42,236	34,251	15,946
Technology	0	0	23,176
	<u>42,236</u>	<u>34,251</u>	<u>50,038</u>
Athletics	<u>99,887</u>	<u>73,839</u>	<u>115,122</u>
Total Support Services	1,455,628	1,146,896	819,684
Payments to Other Agencies			
Payments to not for profit entity (sub-grantee)	0	0	0
Debt Service			
Principal	0	0	0
Interest	<u>0</u>	<u>0</u>	<u>0</u>
Total Interdistrict and Other Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>\$4,467,285</u></u>	<u><u>\$3,685,772</u></u>	<u><u>\$1,054,962</u></u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$180,240	\$69,852	\$225	\$931,384	\$1,024,645	\$93,261
525	96,778	0	195,963	292,389	96,426
<u>180,765</u>	<u>166,630</u>	<u>225</u>	<u>1,127,347</u>	<u>1,317,034</u>	<u>189,687</u>
41,973	0	9,029	377,964	475,743	97,779
1,352	0	0	12,268	13,539	1,271
264	0	0	92,697	78,144	(14,553)
0	0	7,543	30,719	30,719	0
<u>1,616</u>	<u>0</u>	<u>7,543</u>	<u>135,684</u>	<u>122,402</u>	<u>(13,282)</u>
<u>4,353</u>	<u>28,209</u>	<u>2,756</u>	<u>324,166</u>	<u>334,522</u>	<u>10,356</u>
233,184	99,136	36,735	3,987,226	4,268,516	281,290
0	0	19,200	19,200	19,200	0
0	0	96,506	96,506	0	(96,506)
<u>0</u>	<u>0</u>	<u>2,959</u>	<u>2,959</u>	<u>0</u>	<u>(2,959)</u>
<u>0</u>	<u>0</u>	<u>99,465</u>	<u>99,465</u>	<u>0</u>	<u>(99,465)</u>
<u>\$331,744</u>	<u>\$233,540</u>	<u>\$180,391</u>	<u>\$10,149,657</u>	<u>\$10,387,873</u>	<u>\$238,216</u>

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

*Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Investment income	\$10,000	\$108,029	\$107,756	(\$273)
Gain (loss) on investments	0	0	988	988
Total Revenues	10,000	108,029	108,744	715
Expenditures				
Building improvements services:				
Purchase services	255,000	113,414	120,777	(7,363)
Capital outlay	5,524,526	3,770,816	4,690,872	(920,056)
Other	10,500	989	1,472	(483)
Total Expenditures	5,790,026	3,885,219	4,813,121	(927,902)
Net Change in Fund Balances	(5,780,026)	(3,777,190)	(4,704,377)	(927,187)
Fund Balance - Beginning of year	6,301,561	4,938,382	4,938,382	0
Fund Balance - End of year	\$521,535	\$1,161,192	\$234,005	(\$927,187)

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

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023*

	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	\$382,755	\$228,783	\$390,736	\$8,817	\$1,011,091
Accounts receivable	0	80	0	0	80
Due from other governmental units	9,607	0	0	0	9,607
Due from other funds	16	0	0	0	16
Inventory	4,112	0	0	0	4,112
Prepaid expenditures	954	0	0	0	954
	<u>\$397,444</u>	<u>\$228,863</u>	<u>\$390,736</u>	<u>\$8,817</u>	<u>\$1,025,860</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$7,977	\$10,445	\$0	\$0	\$18,422
Other liabilities	7	0	0	0	7
Unearned revenue	17,559	0	0	0	17,559
Due to other funds	240,913	1,149	514	5,990	248,566
	<u>266,456</u>	<u>11,594</u>	<u>514</u>	<u>5,990</u>	<u>284,554</u>
Fund Balances					
Nonspendable:					
Prepaid expenditures	954	0	0	0	954
Inventory	4,112	0	0	0	4,112
Restricted for:					
Food service	125,922	0	0	0	125,922
Debt service	0	0	390,222	0	390,222
Capital outlay	0	0	0	2,827	2,827
Committed to:					
Student and school activity	0	217,269	0	0	217,269
	<u>130,988</u>	<u>217,269</u>	<u>390,222</u>	<u>2,827</u>	<u>741,306</u>
Total Fund Balances	<u>130,988</u>	<u>217,269</u>	<u>390,222</u>	<u>2,827</u>	<u>741,306</u>
Total Liabilities and Fund Balances	<u>\$397,444</u>	<u>\$228,863</u>	<u>\$390,736</u>	<u>\$8,817</u>	<u>\$1,025,860</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, 2023*

	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	\$135,565	\$261,514	\$1,232,552	\$96	\$1,629,727
State sources	19,127	0	8,776	0	27,903
Federal sources	160,753	0	0	0	160,753
Total Revenues	315,445	261,514	1,241,328	96	1,818,383
Expenditures					
Food service	451,443	0	0	0	451,443
Support services	5,402	270,592	0	0	275,994
Capital outlay	0	0	0	5,990	5,990
Debt service	0	0	1,071,122	0	1,071,122
Total Expenditures	456,845	270,592	1,071,122	5,990	1,804,549
Net Change in Fund Balances	(141,400)	(9,078)	170,206	(5,894)	13,834
Fund Balances - Beginning of year	272,388	226,347	220,016	8,721	727,472
Fund Balances - End of year	<u>\$130,988</u>	<u>\$217,269</u>	<u>\$390,222</u>	<u>\$2,827</u>	<u>\$741,306</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, 2023*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$132,950	\$127,764	\$128,294	\$530
Interest income	250	6,760	6,842	82
Other	0	428	429	1
Total Local Sources	133,200	134,952	135,565	613
State Sources:				
Restricted grants	10,240	14,680	19,127	4,447
Federal Sources:				
Restricted grants	120,999	171,739	144,727	(27,012)
Commodities	16,687	17,308	16,026	(1,282)
Total Federal Sources	137,686	189,047	160,753	(28,294)
Total Revenues	281,126	338,679	315,445	(23,234)
Expenditures				
Operating Building Services:				
Salaries	1,000	25	25	0
Employee benefits	1,055	9	9	0
Purchases services	0	5,368	5,368	0
	2,055	5,402	5,402	0
Food Services:				
Purchases services	134,589	121,534	139,586	(18,052)
Supplies and materials	115,902	115,612	121,390	(5,778)
Capital outlay	154,441	187,842	187,844	(2)
Other	2,794	2,625	2,623	2
	407,726	427,613	451,443	(23,830)
Total Expenditures	409,781	433,015	456,845	(23,830)
Net Change in Fund Balances	(128,655)	(94,336)	(141,400)	(47,064)
Fund Balance - Beginning of year	265,257	272,388	272,388	0
Fund Balance - End of year	\$136,602	\$178,052	\$130,988	(\$47,064)

**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, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Sources:				
Student and school activities	\$200,000	\$267,246	\$261,514	(\$5,732)
Expenditures				
Student and School Activities:				
Student and school activities	<u>210,000</u>	<u>251,566</u>	<u>270,592</u>	<u>(19,026)</u>
Net Change in Fund Balance	(10,000)	15,680	(9,078)	(24,758)
Fund Balance - Beginning of year	<u>167,379</u>	<u>232,027</u>	<u>226,347</u>	<u>(5,680)</u>
Fund Balance - End of year	<u><u>\$157,379</u></u>	<u><u>\$247,707</u></u>	<u><u>\$217,269</u></u>	<u><u>(\$30,438)</u></u>

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

*2015 Refunding School Bond Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$1,178,223	\$1,223,830	\$1,223,829	(\$1)
Investment income	1,000	8,656	8,723	67
Total Local Sources	1,179,223	1,232,486	1,232,552	66
State Sources:				
State payment in lieu of tax	6,956	8,776	8,776	0
Total Revenues	1,186,179	1,241,262	1,241,328	66
Expenditures				
Debt service:				
Principal	600,000	820,000	600,000	220,000
Interest and fiscal charges	586,272	425,000	469,622	(44,622)
Other	2,050	2,050	1,500	550
Total Expenditures	1,188,322	1,247,050	1,071,122	175,928
Net Change in Fund Balances	(2,143)	(5,788)	170,206	175,994
Fund Balance - Beginning of year	226,946	220,016	220,016	0
Fund Balance - End of year	\$224,803	\$214,228	\$390,222	\$175,994

**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, 2023*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$0	\$55	\$50	(\$5)
Investment income	0	25	46	21
Total Local Sources	0	80	96	16
Expenditures				
Capital outlay:				
Capital outlay	8,720	6,124	5,990	134
Net Change in Fund Balances	(8,720)	(6,044)	(5,894)	150
Fund Balance - Beginning of year	8,720	8,721	8,721	0
Fund Balance - End of year	\$0	\$2,677	\$2,827	\$150

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

*Summary of 2022 Tax Levy
Year Ended June 30, 2023*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	17.4572	\$51,792,278	\$904,148
General Fund operating - commercial	5.4572	5,995,426	32,718
2015 Debt Retirement	2.2000	239,190,631	526,219
2015 Debt Retirement - IFT	1.1000	455,925	502
2019 Debt Retirement	2.7300	239,190,631	652,990
2019 Debt Retirement - IFT	1.3650	455,925	622
			2,117,199
Summerfield Township			
General Fund operating - non-homestead	17.4572	360,050	6,285
2015 Debt Retirement	2.2000	2,096,792	4,613
2019 Debt Retirement	2.7300	2,096,792	5,724
			16,622
Riga Township			
General Fund operating - non-homestead	17.4572	705,423	12,315
2015 Debt Retirement	2.2000	7,951,456	17,493
2019 Debt Retirement	2.7300	7,951,456	21,707
			51,515
Total			\$2,185,336
Summary			
General Fund operating - non-homestead		52,857,751	\$922,748
General Fund operating - commercial		5,995,426	32,718
2015 Debt Retirement		249,238,879	548,325
2015 Debt Retirement - IFT		455,925	502
2019 Debt Retirement		249,238,879	680,421
2019 Debt Retirement - IFT		455,925	622
			\$2,185,336

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

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2023*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Technology enhancement millage	\$258,079	\$258,320	\$241
Expenditures			
Instruction:			
Salaries	23,918	23,918	0
Fringe benefits	15,383	15,009	374
Purchase services	15,080	14,732	348
Supplies	1,335	1,334	1
Capital outlay	104,214	104,215	(1)
Total Instruction	159,930	159,208	348
Support:			
Salaries	48,079	48,079	0
Fringe benefits	31,032	31,627	(595)
Purchase services	103,450	103,799	(349)
Supplies	479	479	0
Total Support	183,040	183,984	(944)
Total Expenditures	342,970	343,192	(596)
Net Change in Fund Balance	(84,891)	(84,872)	(837)
Restricted for Technology Enhancement:			
Fund Balance - Beginning of Year	167,154	234,455	67,301
Fund Balance - End of Year	\$82,263	\$149,583	\$66,464

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

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2023*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Admissions	\$71,100	\$47,358	\$48,637	\$1,279
Participation fees	34,220	37,365	37,365	0
Investment income	200	455	453	(2)
Other	994	6,358	6,400	42
Total Local Sources	106,514	91,536	92,855	1,319
State Sources:				
Restricted grants	14,745	22,646	26,091	3,445
Total Revenues	\$121,259	\$114,182	\$118,946	\$4,764
Expenditures				
Operations and maintenance:				
Security services				
Purchased services	\$2,000	\$2,109	\$1,789	\$320
Pupil Transportation:				
Salaries	4,825	5,716	6,020	(304)
Employee benefits	2,692	3,140	3,732	(592)
Purchased services	0	1,650	1,650	0
Central Services:				
Staff services:				
Purchased services	1,670	0	0	0
Athletics:				
Salaries	92,571	95,212	99,887	(4,675)
Employee benefits	69,860	71,663	73,839	(2,176)
Purchased services	107,033	117,984	115,122	2,862
Supplies and materials	6,319	8,370	4,353	4,017
Capital outlay	300	38,537	28,209	10,328
Other	2,379	2,756	2,756	0
Total Expenditures	\$289,649	\$347,137	\$337,357	\$9,780

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

*Schedule of Expenditures of Federal Awards
June 30, 2023*

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:		
Local Food for Schools	230985	10.185
		\$3,740
Child Nutrition Cluster:		
Cash Assistance:		
School Breakfast Program	221970	10.553
Seamless Summer Option - School Breakfast Program	221971	10.553
School Breakfast Program	231970	10.553
		11,824
		60,678
Seamless Summer Option - National School Lunch Program	221961	10.555
National School Lunch Program	221960	10.555
National School Lunch Program	231960	10.555
Supply Chain Assistance Funds	220910	10.555
Supply Chain Assistance Funds	230910	10.555
		12,096
		452,123
Total Cash Assistance		512,801
Noncash Assistance (Commodities)		
National Lunch Program:		
Entitlement Commodities	10.555	15,565
Entitlement Bonus	10.555	461
Total Non-Cash Assistance		16,026
Total Child Nutrition Cluster:		528,827
COVID-19 - Pandemic EBT Local Level Costs	220980	10.649
		628
Total U.S. Department of Agriculture		533,195
<u>U.S. Department of Education</u>		
Passed Through State of Michigan Department of Education:		
Title I, Part A - Improving Basic Programs	221530-2122	84.010
Title I, Part A - Improving Basic Programs	231530-2223	84.010
		21,278
		17,713
		38,991
Title II, Part A - Supporting Effective Instruction	220520-2122	84.367
Title II, Part A - Supporting Effective Instruction	230520-2223	84.367
		11,012
		8,437
		19,449
Title IV, Part A - SSAE	220750-2122	84.424
Title IV, Part A - SSAE	230750-2223	84.424
		10,000
		10,000
		20,000

The accompanying notes are an integral part of this Schedule.

Accrued (Deferred) Revenue July 1, 2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2023
\$0	\$0	\$3,740	\$0	\$3,740
0	0	952	952	0
2,855	50,757	0	2,855	0
0	0	11,824	11,236	588
2,855	50,757	12,776	15,043	588
13,619	326,959	0	13,619	0
0	0	8,286	8,286	0
0	0	81,367	78,436	2,931
(18,389)	0	37,034	18,645	0
0	0	1,524	12,096	(10,572)
(4,770)	326,959	128,211	131,082	(7,641)
(1,915)	377,716	140,987	146,125	(7,053)
0	0	15,565	15,565	0
0	0	461	461	0
0	0	16,026	16,026	0
(1,915)	377,716	157,013	162,151	(7,053)
0	614	628	628	0
(1,915)	378,330	161,381	162,779	(3,313)
0	21,078	0	0	0
0	0	17,713	0	17,713
0	21,078	17,713	0	17,713
0	11,012	0	0	0
0	0	8,437	0	8,437
0	11,012	8,437	0	8,437
0	10,000	0	0	0
0	0	10,000	0	10,000
0	10,000	10,000	0	10,000

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

*Schedule of Expenditures of Federal Awards
June 30, 2023*

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 - ESSER II Summer Programming K-8	213722-2122	\$143,000
COVID 19 - ESSER II Credit Recovery 9-12	213742-2122	14,850
COVID 19 - 98c Learning Loss	213782-2223	40,401
		198,251
COVID 19 - ESSER III	213713-2122	296,128
COVID 19 - Section 11t	213723-2122	531,863
		827,991
Total Passed Through State of Michigan Department of Education		1,104,682
Passed Through Monroe County Intermediate School District:		
Homeless Students' Assistance	222320-2122	574
Homeless Students' Assistance	232320-2223	199
		773
Total Passed Through Monroe County Intermediate School District		773
Total U.S. Department of Education		1,105,455
<u>U.S. Department of Health and Human Services</u>		
Passed Through Monroe County Intermediate School District:		
Medicaid Outreach	93.778	2,032
Total Federal Financial Assistance		\$1,640,682

The accompanying notes are an integral part of this Schedule.

Accrued (Deferred) Revenue July 1, 2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2023
\$11,967	\$91,967	\$27,220	\$11,967	\$27,220
2,306	5,526	2,889	2,306	2,889
0	0	34,077	0	34,077
14,273	97,493	64,186	14,273	64,186
182,499	182,499	113,629	182,499	113,629
0	0	214,126	0	214,126
182,499	182,499	327,755	182,499	327,755
196,772	322,082	428,091	196,772	428,091
0	574	0	0	0
0	0	199	199	0
0	574	199	199	0
196,772	322,656	428,290	196,971	428,091
0	2,789	2,032	2,032	0
\$194,857	\$703,775	\$591,703	\$361,782	\$424,778

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023*

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, 2023. 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. Cash received is recorded on a cash basis. Revenues are recognized when qualifying expenditures have been incurred and all grant requirements have been met.
3. Whiteford Agricultural School District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. 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.
5. 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.
6. There were no federal awards expended for loan or loan guarantee programs.
7. Whiteford Agricultural School District does not have any subrecipients.
8. Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards. The following shows a reconciliation of current year receipts per the Schedule of Expenditures of Federal Awards to current payments per the GAR.

Agency total current payments per Michigan Department of Education Grant Auditor Report - (GAR) NexSys	\$343,525
Additional items not on NexSys report:	
Non-cash assistance USDA Commodities	16,026
Passed through Monroe County Intermediate School District:	
Homeless Students' Assistance	199
Medicaid Outreach	2,032
	2,231
Total current year receipts (cash basis) per the schedule of expenditures of federal awards (SEFA)	\$361,782

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023*

9. Reconciliation to the Financial Statements:

General Fund	\$430,950
Special Revenue Fund:	
Food Service Fund	<u>160,753</u>
Total expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$591,703</u></u>

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

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2023*

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Whiteford Agricultural School District were prepared in accordance with GAAP.
2. Two significant deficiencies 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 School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

2023-001 Significant Audit Adjustments

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

Repeat Finding: Yes

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

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

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

- Capital Projects Fund – Cash and liabilities were understated by approximately \$82,992.

Effect: There was no financial statement effect to the fund balance.

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.

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

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2023*

2023-002 Budgets

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

Repeat Finding: No

Criteria: The State of Michigan requires that budgets be adopted for the General Fund and all special revenues funds, and that expenditures do not exceed amounts authorized.

Condition: During the audit, we noted that expenditures exceeded amounts authorized in the Food Service Fund and the Student and School Activity Fund.

Cause: The School District failed to amend the budget to account for additional expenditures.

Effect: There was no financial statement effect to the fund balance.

Recommendation: We recommend that the School District amend the budget to ensure that expenditures do not exceed amounts authorized. Accordingly, no further corrective action is required at this time.

View of Responsible Officials: Management will conduct a review of budgets on an ongoing basis.



"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 23, 2023

Whiteford Agricultural School District Corrective Action Plan Finding as of June 30, 2023

Contact Person Responsible: Scott Huard, Superintendent
Marisa Tebbe-Cousino, Director of Business and Finance

Finding Number: 2023-001

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 insufficient funds (that was approved and posted by management) that was significant to the financial statements. Management will conduct a review of the general ledger on an ongoing basis and make budgetary adjustments as appropriate.

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.

Finding Number: 2023-002

Corrective Action Planned: Management is responsible for adopting budgets consistent with generally accepted accounting principles and State law for the General Fund and Special Revenue Funds. During the audit, it was noted that expenditures exceeded amounts authorized in the Food Service Fund and the Student and School Activity Fund. The School District will review the general ledger and amend budgets as necessary to ensure expenditures do not exceed amounts authorized.



Anticipated Completion Date:

The current year budgets are adopted and expenditures are within amounts authorized. Accordingly, no further corrective action is deemed necessary.

Sincerely,

Marisa Z Tebbe-Cousino

Marisa Tebbe-Cousino



CALKINS HEHL RAFKO
— 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, 2023, 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 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.

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 a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A 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 deficiencies in internal control to be significant deficiencies:

Adjusting Journal Entries

During the audit, we identified and proposed an adjustment (which was 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.

Budgets

During the audit, we noted that expenditures exceeded amounts authorized in the budget in the Food Service Fund and the Student and School Activity Fund, which are special revenue funds. We recommend that budgets be amended in order to ensure that expenditures do not exceed amounts authorized.

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 \$41,321 at June 30, 2023. The School District has an approved plan of action with the Michigan Department of Education to spend down the excess fund balance. We recommend that the School District monitors the plan of action, and spend the excess funds no later than June 30, 2024.

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,

A handwritten signature in cursive script that reads "Collins Hebe Rayko".

October 23, 2023



CALKINS HEHL RAFKO
— CERTIFIED PUBLIC ACCOUNTANTS —

October 23, 2023

To the Board of Education
Whiteford Agricultural School District

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, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 11, 2023. 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 School District are described in Note 2 to the financial statements. During the fiscal year ended June 30, 2023, the School District implemented GASB 96, *Subscription-Based Information Technology Arrangements*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the 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.

Managements' estimates of the net pension and OPEB liabilities are based on actuarial valuations and other financial data. We have evaluated 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.

The financial statement disclosures are neutral, consistent, and clear.

To the Board of Education
Whiteford Agricultural School District

-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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement's taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 23, 2023.

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 District'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 management's discussion and analysis, major fund budget and actual statements, and pension and OPEB 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 School District

-3-

We were engaged to report on the other supplemental information, as listed 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 States 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,

