

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

ANNUAL FINANCIAL REPORT
June 30, 2020

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

*School Board Members
June 30, 2020*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Tracy Malhoit	President	12/31/2020
David Dixon	Vice-President	12/31/2022
Christine Bischoff	Secretary	12/31/2022
Shane Hillard	Treasurer	12/31/2020
Janelle Young	Trustee	12/31/2022
Mike Iott	Trustee	12/31/2020
Kristi Mock	Trustee	12/31/2020

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

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June 30, 2020*

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Independent Auditor's Report

Board of Education

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

Ottawa Lake, Michigan 49267

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB schedules on pages 6 through 14, 48 through 53, and 54 through 58, respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Board of Education

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of the Whiteford Agricultural School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whiteford Agricultural School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cooley Hill Jahn + Calkins".

September 30, 2020

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Cooley Hill Jacobs & Calkins". The signature is written in a cursive, flowing style.

September 30, 2020

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

*Management's Discussion and Analysis
Year Ended June 30, 2020*

This section of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan (Whiteford Schools) annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects 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, 2020*

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

*Management's Discussion and Analysis
Year Ended June 30, 2020*

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, 2020 and 2019.

Table 1

Comparative Statement of Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current and other assets	\$8,650,705	\$3,653,290
Capital assets, net	<u>7,760,370</u>	<u>7,175,923</u>
Total Assets	<u>16,411,075</u>	<u>10,829,213</u>
Deferred Outflows of Resources	5,845,540	5,138,029
Current and other liabilities	2,193,284	1,559,603
Long-term liabilities	<u>23,230,307</u>	<u>17,705,361</u>
Total Liabilities	<u>25,423,591</u>	<u>19,264,964</u>
Deferred Inflows of Resources	2,060,163	1,819,208
Net Position		
Investment in capital assets	(623,787)	3,189,925
Restricted for technology enhancement	150,673	119,366
Restricted for debt service	62,140	86,519
Restricted for food service	66,999	61,030
Restricted for capital outlay	4,466,790	173,461
Unrestricted	<u>(9,349,954)</u>	<u>(8,747,231)</u>
Total Net Position	<u>(\$5,227,139)</u>	<u>(\$5,116,930)</u>

As depicted in Table 1, the School District's net position was a deficit of \$5,227,139 at June 30, 2020. Of this amount, a negative \$9,349,954 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability and the OPEB liability will have a significant impact on the change in unrestricted net position from year to year.

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, 2020 and 2019.

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

*Management's Discussion and Analysis
Year Ended June 30, 2020*

District-Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues		
Program revenues:		
Charges for services	\$160,659	\$185,591
State grants and other revenue	1,447,085	1,277,164
Federal grants	<u>230,778</u>	<u>172,694</u>
	1,838,522	1,635,449
General revenues:		
Property taxes	1,874,991	1,809,461
State foundation allowance	5,080,160	4,975,015
Other general revenues	<u>264,281</u>	<u>222,687</u>
	<u>7,219,432</u>	<u>7,007,163</u>
Total Revenues	9,057,954	8,642,612
 Functions/Program Expenses		
Instruction	5,240,251	4,370,037
Support services	3,133,562	2,908,645
Food service	233,273	212,886
Community services	244	833
Facilities improvement	0	47,974
Interest on long-term debt	208,588	179,651
Depreciation	<u>352,245</u>	<u>252,688</u>
Total Expenses	<u>9,168,163</u>	<u>7,972,714</u>
 Increase (Decrease) in Net Position	 <u><u>(\$110,209)</u></u>	 <u><u>\$669,898</u></u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$9,168,163. Of this amount, \$1,838,522 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 \$110,209. Revenues increased by \$415,342; there was an increase of total expenses of \$1,195,449. 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 LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2020*

Fund Financial Analysis

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$6,949,832, which is an increase of \$4,426,078 from last year. The changes by each fund are as follows:

	General Fund	Capital Projects Fund	Food Service Fund	Debt Retirement Fund	Sinking Fund	Total
Fund balances- beginning of year	\$2,177,073	\$0	\$61,634	\$111,586	\$173,461	\$2,523,754
Increase (decrease)	108,815	4,440,588	5,969	17,965	(147,259)	4,426,078
Fund balances- End of year	<u>\$2,285,888</u>	<u>\$4,440,588</u>	<u>\$67,603</u>	<u>\$129,551</u>	<u>\$26,202</u>	<u>\$6,949,832</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.

	June 30, 2020	June 30, 2019	Percent Change
Revenues			
Local sources	\$1,070,201	\$1,004,908	6.5 %
State sources	6,247,090	5,986,315	4.4 %
Federal sources	98,589	69,680	41.5 %
Interdistrict and other sources	533,461	513,895	3.8 %
Operating transfers in	18,560	0	100.0 %
	<u>\$7,967,901</u>	<u>\$7,574,798</u>	5.2 %

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

*Management's Discussion and Analysis
Year Ended June 30, 2020*

Fund Financial Analysis – Concluded

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percent Change</u>
Expenditures			
Instruction	\$4,764,790	\$4,320,591	10.3 %
Support services	2,872,204	3,039,966	(5.5) %
Athletics	221,848	209,438	5.9 %
Community services	244	833	(70.7) %
Facilities improvements	0	47,974	(100.0) %
Operating transfers out	<u>0</u>	<u>18,560</u>	100.0 %
	<u><u>\$7,859,086</u></u>	<u><u>\$7,637,362</u></u>	2.9 %

General Fund Budgetary Highlights

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

Beginning Budget versus Ending Budget

Revenues – The original budget for revenues was \$7,439,590 versus the final budget of \$7,758,566; difference of \$318,976. Major components of the original budget for revenues versus final projections are indicated below:

- Athletic revenues for admissions and pay to participate fees were increased \$14,370; varies each year due to participation levels and contest schedules.
- Local revenue budget changes include: a rebate in the amount of \$88,041 from Consumer Energy for a LED lighting retrofit project, a \$13,335 reduction in the reimbursement for the School Resource Officer since the school year was abbreviated, miscellaneous donations totaling \$8,356 (reading program, parking lot wi-fi, band raincoats, athletic equipment), and an increase of \$18,456 for property taxes due to changes in property values.
- State revenue changes include: increase in the MPERS funds totaling \$77,038, increase in special ed funding in the amount of \$41,398, and the allocation for Vocational Ed added cost funds reduced by \$6,293.

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

*Management's Discussion and Analysis
Year Ended June 30, 2020*

Beginning Budget versus Ending Budget (Concluded)

- Increase in the foundation allowance received due to an increase to pupil count; budgeted FTE's were 745.16 and actual FTE's were 753.29, increase of 8.13 FTE's. The foundation was not announced by the time the beginning budget had to be adopted; a foundation of \$7,871 was adopted, actual received was \$8,111 (increase due to pupil count and foundation. (\$244,780). At fiscal year-end, legislative discussions indicated there would be a reduction in the foundation prior to the end of the fiscal year, however it was not announced prior to June 30th; a reduction of \$500/pupil was budgeted (\$376,645).
- All grants are budgeted in full. Additional revenues added to the budget for new grants or additional funding for grants totaled approximately \$86,000. Grants with increased allocations or carryover include At Risk \$25,099, Title I \$4,867, Title II \$9,126. Some new grant allocations include Additional Instruction Time and Interventions \$8,973, McKinney-Vento \$6,552, Robotics \$6,500.
- Budget was increased \$28,570 for federal ESSR funds (Elementary and Secondary School Emergency Relief) in response to COVID expenses.
- Other revenue budget changes include: addition of \$17,871 for an insurance reimbursement due to the replacement of the elementary boiler, an increase in technology millage taxes in the amount of \$19,535 (amount fluctuates each year due to property tax values and student enrollment), and an increase in the county special education reimbursement in the amount of \$40,400.
- A general fund transfer in from Capital Projects in the amount of \$18,560 was budgeted to account for expenses incurred in the general fund prior to the bond issue being passed.

Expenditures – The original budget for expenditures was \$7,754,761 compared to the final budget of \$8,072,266; an increase of \$317,505. Major components of the original budget for expenditures versus final projections are noted below:

- The budget for instructional salaries and benefits was increased \$106,800 due to employment and benefits changes.
- The budget was adjusted for the corresponding increases relating to the grant awards mentioned above.
- Major adjustments in Operations and Maintenance (including security) for the following:
 - Special Projects carryover of \$97,910 from previous year added to budget,
 - \$46,000 added for township water hook-up (labor and materials to install),
 - \$70,020 added for the remainder of the LED lighting project,
 - \$19,587 reduction for School Resource Officer since school year was shortened.
- Other miscellaneous adjustments include: \$6,600 reduction for fuel, \$11,000 added for vacation payout due to resignation of principal, \$17,000 added for legal services.

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

*Management's Discussion and Analysis
Year Ended June 30, 2020*

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$7,967,901 versus a budget of \$7,758,566, a difference of \$209,335 (2.69%). Major differences comparing budget to actual; foundation reduction of \$175/student was not announced until after June 30th, district budgeted for a \$500/student reduction (difference of \$244,819). Grants not fully expended therefore all revenue not recognized: At Risk \$20,392, Title II \$5,707, School Safety \$7,414, Early Literacy \$4,370, Summer Reading \$2,181.

Expenditures – General Fund actual expenditures of \$7,859,086 versus a budget of \$8,072,266; a difference of \$213,180 (2.64%). This difference is mainly attributed to the following:

- All grants are budgeted in full however revenues are only recognized for corresponding expenditures. Those amount correspond to what's noted above under revenue (total of \$40,064).
- Due to the closure, building cleaning was being completed in different intervals than normal, so budget of \$16,780 was not expended through June 30th. Other expenses that were affected by the closure: utilities were \$6,788 less than budget, other miscellaneous buildings and grounds expenses were \$15,000 less than budget.
- Projects budgeted in operations and maintenance budget, however all projects not completed at June 30: safety project \$14,624, special projects \$74,212.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the School District had \$13,235,105 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, machinery and equipment. This amount includes a net increase (including additions and disposals) of \$834,051 in capital assets. This year's additions consisted of the installation of LED lighting, security glass, hallway flooring, elementary boiler, water hookup and completion of the elementary playground, high school gym floor and bleachers. There was a disposal of the old boiler. Projects that started to get underway at year end include the athletic track and new septic system for middle/high school. Depreciation for this year totaled \$352,245. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2020, the School District had \$7,910,000 in outstanding bonds. During the fiscal year, the School District issued bonds in the amount of \$4,555,000. 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 \$140,789 include accrued vacation, sick and severance pay. More detailed information about long-term liabilities is presented in Note 10 to the Financial Statements.

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

*Management's Discussion and Analysis
Year Ended June 30, 2020*

Development of the 2020-21 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2020-21 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2021 fiscal year used for the budget was 90 percent of the October student count and 10 percent of the current fiscal year's February's count. Recent legislation has changed the calculation of the blended count to be 75% of the FY 19 blended count and 25% of the current year's blended count. The District projected a blended pupil count of 740 students, which is approximately 13 FTE's less than the previous year's actual figure and a foundation reduction of \$500/student. Approximately 77% 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 2020-21 fiscal year was adopted on June 22, 2020. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

Contacting Whiteford Schools Business Office

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

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

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

*Statement of Net Position
June 30, 2020*

	Governmental Activities
Assets	
Cash and cash equivalents	\$7,022,920
Accounts/taxes receivable	136,880
Due from other governmental units	1,384,676
Deposit	5,050
Inventories	2,762
Prepaid expenses	98,417
Capital assets, net	7,760,370
Total Assets	16,411,075
Deferred Outflows of Resources	
Deferred amount of pension expense	4,591,244
Deferred amount of OPEB expense	1,254,296
Total Deferred Outflows of Resources	5,845,540
Liabilities	
Accounts payable	445,699
Salaries payable	424,411
Other liabilities	356,033
Accrued interest payable	67,411
Due to student groups	376
Due to other governmental units	120,205
Unearned revenue	354,149
Long-term liabilities:	
Net pension liability	12,790,324
Net OPEB liability	2,814,194
Due within one year	805,000
Due in more than one year	7,245,789
Total Liabilities	25,423,591
Deferred Inflows of Resources	
Deferred amount of net pension liability	493,677
Deferred amount of net OPEB liability	1,092,329
Unamortized premium/unamortized advanced amount on refunding	474,157
Total Deferred Inflows of Resources	2,060,163
Net Position	
Net investment in capital assets	(623,787)
Restricted for technology enhancement	150,673
Restricted for debt service	62,140
Restricted for food service	66,999
Restricted for capital outlay	4,466,790
Unrestricted	(9,349,954)
Total Net Position	(\$5,227,139)

See accompanying notes to the basic financial statements

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

*Statement of Activities
Year Ended June 30, 2020*

		Program Revenues		Governmental
				Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government -				
Governmental activities:				
Instruction	\$5,240,251	\$0	\$1,355,140	(\$3,885,111)
Support services	3,133,562	71,470	179,542	(2,882,550)
Food services	233,273	89,189	143,181	(903)
Community services	244	0	0	(244)
Interest on long-term debt	208,588	0	0	(208,588)
Depreciation (Unallocated)	352,245	0	0	(352,245)
Total Governmental Activities	<u>\$9,168,163</u>	<u>\$160,659</u>	<u>\$1,677,863</u>	(7,329,641)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				843,810
Property taxes, levied for technology				234,790
Property taxes, levied for debt retirement				574,671
Property taxes, levied for sinking				221,720
State of Michigan aid, unrestricted				5,080,160
Interest and investment earnings				9,065
Other				255,216
Total General Revenues				<u>7,219,432</u>
Change in Net Position				(110,209)
Net Position - Beginning of year				<u>(5,116,930)</u>
Net Position - End of year				<u>(\$5,227,139)</u>

See accompanying notes to the basic financial statements

FUND FINANCIAL STATEMENTS

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

*Governmental Funds
Balance Sheet
June 30, 2020*

	General	Capital Projects Fund	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$2,143,564	\$4,580,646	\$298,710	\$7,022,920
Accounts/taxes receivable	135,515	1,365	0	136,880
Due from other governmental units	1,383,063	0	1,613	1,384,676
Due from other funds	0	0	70,086	70,086
Deposit	5,050	0	0	5,050
Inventory	0	0	2,762	2,762
Prepaid expenditures	97,813	0	604	98,417
Total Assets	<u>\$3,765,005</u>	<u>\$4,582,011</u>	<u>\$373,775</u>	<u>\$8,720,791</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$162,652	\$141,423	\$141,624	\$445,699
Salaries payable	424,411	0	0	424,411
Other liabilities	356,033	0	0	356,033
Due to student groups	376	0	0	376
Unearned revenue	345,354	0	8,795	354,149
Due to other governmental units	120,205	0	0	120,205
Due to other funds	70,086	0	0	70,086
Total Liabilities	1,479,117	141,423	150,419	1,770,959
Fund Balances				
Nonspendable:				
Prepaid expenditures	97,813	0	604	98,417
Restricted for:				
Technology enhancement	150,673	0	0	150,673
Food service	0	0	66,999	66,999
2015 School bond debt retirement	0	0	129,551	129,551
Capital outlay	0	4,440,588	26,202	4,466,790
Committed to:				
Special projects	74,213	0	0	74,213
Assigned to:				
DTE tax adjustment	18,288	0	0	18,288
Unassigned	1,944,901	0	0	1,944,901
Total Fund Balances	<u>2,285,888</u>	<u>4,440,588</u>	<u>223,356</u>	<u>6,949,832</u>
Total Liabilities and Fund Balances	<u>\$3,765,005</u>	<u>\$4,582,011</u>	<u>\$373,775</u>	<u>\$8,720,791</u>

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, 2020*

Total Fund Balances - Governmental Funds		\$6,949,832
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	\$13,235,105	
Accumulated depreciation	<u>(5,474,735)</u>	7,760,370
Deferred outflows of resources from subsequent pension expense from measurement date		4,591,244
Deferred outflows of resources from subsequent OPEB expense from measurement date		1,254,296
Deferred inflows of resources resulting from net pension liability		(493,677)
Deferred inflows of resources resulting from net OPEB liability		(1,092,329)
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	(12,790,324)	
Net OPEB liability	(2,814,194)	
Bonds payable	(7,910,000)	
Compensated absences	(140,789)	
Accrued interest	(67,411)	
Premium amortized over the life of the bonds	(526,292)	
Advanced amount on refunding amortized over the life of the bonds	<u>52,135</u>	<u>(24,196,875)</u>
Total Net Position - Governmental Activities		<u>(\$5,227,139)</u>

See accompanying notes to the basic financial statements

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

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020*

	General	Capital Projects Fund	Other Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$1,070,201	\$4,892	\$874,779	\$1,949,872
State sources	6,247,090	0	23,026	6,270,116
Federal sources	98,589	0	132,189	230,778
Interdistrict and other sources	533,461	0	0	533,461
Total Revenues	7,949,341	4,892	1,029,994	8,984,227
Expenditures				
Instruction	4,764,790	0	0	4,764,790
Support services	2,872,204	0	226,401	3,098,605
Capital outlay	0	408,748	369,556	778,304
Debt service	0	0	557,362	557,362
Athletics	221,848	0	0	221,848
Community services	244	0	0	244
Total Expenditures	7,859,086	408,748	1,153,319	9,421,153
Excess (Deficiency) of Revenues Over Expenditures	90,255	(403,856)	(123,325)	(436,926)
Other Financing Sources (Uses)				
General obligation refunding bonds issued	0	4,555,000	0	4,555,000
Premium on bond	0	308,004	0	308,004
Operating transfers in	18,560	0	0	18,560
Operating transfers out	0	(18,560)	0	(18,560)
Total Other Financing Sources (Uses)	18,560	4,844,444	0	4,863,004
Net Change in Fund Balances	108,815	4,440,588	(123,325)	4,426,078
Fund Balances - Beginning of year	2,177,073	0	346,681	2,523,754
Fund Balances - End of year	\$2,285,888	\$4,440,588	\$223,356	\$6,949,832

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, 2020*

Total Net Change in Fund Balances - Governmental Funds	\$4,426,078
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>	
Depreciation expense	(\$352,245)
Capital outlay	<u>936,692</u>
	584,447
<p>Repayment of bond principal is an expenditure in the governmental funds, both the repayment reduces long-term liabilities in the statement of net position.</p>	
	405,000
<p>The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>	
Net change in pension liability	(1,605,673)
Net change in the deferred inflow of resources related to the net pension liability	412,877
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	219,830
<p>The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows of resources related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.</p>	
Net change in OPEB liability	203,721
Net change in the deferred inflows of resources related to the net OPEB liability	(405,673)
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions	487,681
<p>Bond issuance proceeds provide an other financing source in the governmental funds, but issuing debt increases long-term liabilities in the statement of net position</p>	
	(4,863,004)
<p>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</p>	
	59,845
<p>Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid</p>	
	(42,344)
<p>Decreases in the liability for compensated absences are reported as expenditures in governmental funds</p>	
	<u>7,006</u>
Change in Net Position of Governmental Activities	<u>(\$110,209)</u>

See accompanying notes to the basic financial statements

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

*Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2020*

	<u>Agency Fund</u>
	<u>Student Activities</u>
Assets	
Cash and certificates of deposit	\$183,410
Due from other funds	376
Total Assets	<u>\$183,786</u>
Liabilities	
Due to student groups	\$183,786
Total Liabilities	<u>\$183,786</u>

See accompanying notes to the basic financial statements

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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

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

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

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

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

The School District reports the following major governmental funds:

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

The 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 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.

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 LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2020*

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, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 2

Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Unavailable/Unearned Revenue

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 2

Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 2

Summary of Significant Accounting Policies (Continued)

- C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)
Pension and Other Post-Employment Benefits – For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, information about the fiduciary net position of the Michigan Public Schools Employees Retirement System (MPERS), and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (included refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.
- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.
- 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.

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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, 2020, the School District incurred expenditures in a budgetary function which was in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted.

Note 4 Deposits and Investments

As of June 30, 2020, the School District's deposits and investments are all on deposit with First Merchants Bank, Fifth Third Bank, Huntington Bank, Chemical Bank, CIBC Bank, UMB, and Flagstar.

- A. *Interest rate risk* - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.
- B. *Credit risk* - The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.
- C. *Concentration of credit risk* - The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.
- D. *Custodial credit risk - deposits* - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$7,282,841 invested in checking accounts and money market accounts. The School District's deposits are insured by the FDIC in the amount of \$1,629,168. Uninsured deposits are \$5,653,673.

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 4 Deposits and Investments (Concluded)

Custodial credit risk - investments (Continued)

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

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

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Construction in progress	347,177	623,011	171,398	798,790
	<u>369,090</u>	<u>623,011</u>	<u>171,398</u>	<u>820,703</u>
Capital assets being depreciated:				
Land improvements	577,819	0	0	577,819
Buildings and building improvements	10,867,722	448,334	0	11,316,056
Machinery and equipment	430,001	36,745	102,641	364,105
Vehicles	156,422	0	0	156,422
	<u>12,031,964</u>	<u>485,079</u>	<u>102,641</u>	<u>12,414,402</u>
Total capital assets	12,401,054	1,108,090	274,039	13,235,105
Less Accumulated Depreciation:				
Land improvements	(335,428)	(28,339)	0	(363,767)
Buildings and building improvements	(4,548,691)	(226,188)	0	(4,774,879)
Machinery and equipment	(184,745)	(97,718)	(102,641)	(179,822)
Vehicles	(156,267)	0	0	(156,267)
	<u>(5,225,131)</u>	<u>(352,245)</u>	<u>(102,641)</u>	<u>(5,474,735)</u>
Total accumulated depreciation	(5,225,131)	(352,245)	(102,641)	(5,474,735)
Net capital assets	<u>\$7,175,923</u>	<u>\$755,845</u>	<u>\$171,398</u>	<u>\$7,760,370</u>

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 6 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2020, consisted of the following individual fund receivables and payables:

	<u>Due To</u> <u>Food Service Fund</u>
<u>Due From</u> <u>General Fund</u>	<u>\$70,086</u>

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

Interfund transfers at June 30, 2020, consisted of the following:

	<u>Transfer Out:</u> <u>Capital</u> <u>Projects Fund</u>
<u>Transfer In:</u> <u>General Fund</u>	<u>\$18,560</u>

Transfer from the Capital Projects Fund represents the use of unrestricted funds to support programs accounted for in other funds.

Note 7 Defined Benefit Pension Plans and Postemployment Benefits

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

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

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

Contributions and Funded Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20 year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2019.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	18.25%
Member Investment Plan	3.0 - 7.0%	18.25%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

Required contributions to the pension plan from the District were \$1,026,010 for the year ended September 30, 2019.

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

Pension Liabilities - At June 30, 2020, the School District reported a liability of \$12,790,324 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2018. 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, 2019, the School District's proportion was 0.03862205 percent, which was an increase of 12.55381 percent from its proportion measured as of September 30, 2018.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2020, the School District recognized pension expense of \$2,276,007. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$57,330	(\$53,334)
Changes of assumptions	2,504,355	0
Net differences between projected and actual earnings on pension plan investments	0	(409,908)
Changes in proportion and differences between school district contributions and proportionate share of contributions	625,007	(30,435)
School district's contributions subsequent to the measurement date	<u>1,404,552</u>	<u>0</u>
	<u><u>\$4,591,244</u></u>	<u><u>(\$493,677)</u></u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

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

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

	<u>Amount</u>
2020	\$1,124,150
2021	829,031
2022	529,415
2023	210,419

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, 2018

Actuarial Cost Method: Entry Age, Normal

Wage Inflation Rate: 2.75%

Investment Rate of Return:

- MIP and Basic Plans
 (Non-Hybrid): 6.80%
- Pension Plus Plan 6.80%
- Pension Plus 2 Plan 6.00%

Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%

Cost-of-Living Pension

Adjustments: 3% Annual Non-Compounded for MIP Members

Mortality:

- Retirees RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

Actuarial Assumptions (Concluded)

Mortality:

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

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4977
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at (www.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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.5%
Private Equity Pools	18.00	8.6
International Equity	16.00	7.3
Fixed Income Pools	10.50	1.2
Real Estate and Infrastructure Pools	10.00	4.2
Absolute Return Pools	15.50	5.4
Short Term Investment Pools	2.00	0.8
	100.00%	

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

Rate of return – For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

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

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
<u>(5.80% / 5.80% / 5.0%)</u>	<u>(6.80% / 6.80% / 6.0%)</u>	<u>(7.80% / 7.80% / 7.0%)</u>
<u>\$16,628,240</u>	<u>\$12,790,324</u>	<u>\$9,608,560</u>

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

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

Payable to the Pension Plan – At June 30, 2020, the School District reported a payable of approximately \$71,687 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

Note 8 Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

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

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

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

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

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

Contributions – (Continued)

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning on October 1, 2018 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2019.

OPEB Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.00%	7.93%
Personal Healthcare Fund (PHF)	0.00%	7.57%

Required contributions to the OPEB plan from School District were \$269,200 for the year ended September 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020, the School District reported a liability of \$2,814,194 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. 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, 2019, the School District's proportion was 0.03920720 percent, which was a decrease of 7.23905 percent from its proportion measured as of October 1, 2018.

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 8

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

For the year ending June 30, 2020, the School District recognized OPEB expense of \$115,715. At June 30, 2020, 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	(\$1,032,607)
Changes of assumptions	609,779	0
Net differences between projected and actual earnings on OPEB plan investments	0	(48,940)
Changes in proportion and differences between school district contributions and proportionate share of contributions	188,813	(10,782)
School district's contributions subsequent to the measurement date	<u>455,704</u>	<u>0</u>
	<u>\$1,254,296</u>	<u>(\$1,092,329)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

	<u>Amount</u>
2020	(\$87,280)
2021	(87,280)
2022	(62,842)
2023	(34,942)
2024	(21,393)

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, 2020*

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%
Projected Salary Increases:	2.75– 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	7.5% Year 1 graded to 3.5% Year 12
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality:	
- Active Members	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.7101
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019, 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	28.00%	5.5%
Private Equity Pools	18.00	8.6
International Equity	16.00	7.3
Fixed Income Pools	10.50	1.2
Real Estate and Infrastructure Pools	10.00	4.2
Absolute Return Pools	15.50	5.4
Short Term Investment Pools	2.00	0.8
	<u>100%</u>	

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

Rate of Return - For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

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

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

1% Decrease	Current Discount Rate	1% Increase
5.95%	6.95%	7.95%
<u>\$3,452,032</u>	<u>\$2,814,194</u>	<u>\$2,278,587</u>

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
5.95%	6.95%	7.95%
<u>\$2,255,880</u>	<u>\$2,814,194</u>	<u>\$3,451,956</u>

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2019 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan - At June 30, 2020, the School District reported a payable of approximately \$35,099 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

Note 9 **Enhancement Millage for Technology**

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 10 Long-Term Debt

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

	Balance June 30, 2019	Additions	Payments	Balance June 30, 2020	Due in One Year
2015 Refunding Bonds	\$3,760,000	\$0	\$405,000	\$3,355,000	\$425,000
2020 Building and Site Bonds	0	4,555,000	0	4,555,000	380,000
Compensated absences payable	147,795	0	7,006	140,789	0
	<u>\$3,907,795</u>	<u>\$4,555,000</u>	<u>\$412,006</u>	<u>\$8,050,789</u>	<u>\$805,000</u>

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 10 Long-Term Debt (Continued)

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

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

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

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

Fiscal Year	Interest Requirements		Bond Maturities	Total Requirements
	November 1	May 1	May 1	
2021	\$67,100	\$67,100	\$425,000	\$559,200
2022	58,600	58,600	440,000	557,200
2023	49,800	49,800	460,000	559,600
2024	40,600	40,600	480,000	561,200
2025	31,000	31,000	495,000	557,000
2026	21,100	21,100	515,000	557,200
2027	10,800	10,800	540,000	561,600
	<u>\$279,000</u>	<u>\$279,000</u>	<u>\$3,355,000</u>	<u>\$3,913,000</u>

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 are to be paid by an annual property tax millage. The principal and interest requirements to retire the 2020 bonds are as follows:

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 10 Long-Term Debt (Concluded)

Fiscal Year	Interest Requirements		Bond Maturities	Total
	November 1	May 1	May 1	Requirements
2021	\$0	\$135,132	\$380,000	\$515,132
2022	62,625	62,625	490,000	615,250
2023	55,275	55,275	0	110,550
2024	55,275	55,275	0	110,550
2025	55,275	55,275	0	110,550
2026	55,275	55,275	0	110,550
2027	55,275	55,275	0	110,550
2028	55,275	55,275	160,000	270,550
2029	52,875	52,875	165,000	270,750
2030	50,400	50,400	170,000	270,800
2031	47,850	47,850	175,000	270,700
2032	45,225	45,225	180,000	270,450
2033	42,525	42,525	185,000	270,050
2034	39,750	39,750	190,000	269,500
2035	36,900	36,900	195,000	268,800
2036	33,975	33,975	200,000	267,950
2037	30,975	30,975	205,000	266,950
2038	27,900	27,900	210,000	265,800
2039	24,750	24,750	215,000	264,500
2040	21,525	21,525	225,000	268,050
2041	18,150	18,150	235,000	271,300
2042	14,625	14,625	240,000	269,250
2043	11,025	11,025	245,000	267,050
2044	7,350	7,350	255,000	269,700
2045	3,525	3,525	235,000	242,050
	<u>\$903,600</u>	<u>\$1,038,732</u>	<u>\$4,555,000</u>	<u>\$6,497,332</u>

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

Fiscal Year	Interest	Principal	Total Requirements
2021	\$269,332	\$805,000	\$1,074,332
2022	242,450	930,000	1,172,450
2023	210,150	460,000	670,150
2024	191,750	480,000	671,750
2025	172,550	495,000	667,550
2026-2030	602,000	1,550,000	2,152,000
2031-2035	424,500	925,000	1,349,500
2036-2040	278,250	1,055,000	1,333,250
2041-2045	109,350	1,210,000	1,319,350
	<u>\$2,500,332</u>	<u>\$7,910,000</u>	<u>\$10,410,332</u>

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

*Notes to Financial Statements
Year Ended June 30, 2020*

Note 11 Lease Commitments - Operating Leases

The School District has, as of June 30, 2020, contractual agreements specifying the following annual lease payment obligations:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$67,873
2022	55,584
	<u>\$123,457</u>

Note 12 Property Taxes

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2019 property taxes were levied on December 1, 2019 on assessed valuations as of December 31, 2018. Taxes were collected beginning December 1, 2019 and payments were due by February 14, 2020. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2019 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$46,600,081	17.9712	\$837,459
Commercial	5,313,643	6.0000	31,881
2015 Debt Retirement Fund:			
Regular	223,266,127	2.5500	569,328
IFT	696,501	1.2750	888
Sinking Fund:			
Regular	223,266,127	0.9837	219,628
IFT	696,501	0.4919	<u>343</u>
Total			<u>\$1,659,527</u>

Note 13 Tax Abatement

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

For the year ended June 30, 2020, the School District's property tax revenue for general obligations was reduced by \$1,001 under this program. There were no tax abatements made by the School District.

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

*Notes to Financial Statements
Year Ended June 30, 2020*

- 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, 2020, the School District did not incur any claims.
- Note 15 Cafeteria Contract
During the fiscal year ended June 30, 2020, 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, 2020.
- 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 LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2020*

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 Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued GASB Statement Number 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District has evaluated the impact this standard will have on their financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the fiscal year ending June 30, 2021.

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

Note 22 Subsequent Events

The School District's management evaluated subsequent events from June 30, 2020 through September 30, 2020, the date the financial statements were available to be issued. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the ultimate impact and duration of this outbreak is uncertain, the School District anticipates a negative impact on net assets, operations, and cash flows. Possible effects include, but are not limited to, decreases in property taxes, federal and state grants, charges for services, and other revenue. However, the financial impact of such decreases cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$943,907	\$1,068,550	\$1,070,201	\$1,651
State sources	5,988,286	6,033,654	6,247,090	213,436
Federal sources	54,870	104,605	98,589	(6,016)
Interdistrict and other sources	452,527	533,197	533,461	264
Total Revenues	7,439,590	7,740,006	7,949,341	209,335
Expenditures				
Instruction:				
Basic programs	3,780,405	3,886,632	3,860,546	26,086
Added needs	898,078	941,731	904,244	37,487
Support services:				
Pupil	339,873	342,246	340,102	2,144
Instructional staff	232,471	278,351	274,836	3,515
General administration	260,973	296,061	285,904	10,157
School administration	497,882	508,820	506,220	2,600
Business administration	223,934	224,227	221,187	3,040
Operation and maintenance	701,071	904,568	784,583	119,985
Pupil transportation	391,364	365,333	359,150	6,183
Central services	122,982	102,031	100,222	1,809
Athletics	237,866	222,021	221,848	173
Community services	0	245	244	1
Facilities acquisition	67,862	0	0	0
Total Expenditures	7,754,761	8,072,266	7,859,086	213,180
Excess (Deficiency) of Revenues Over Expenditures	(315,171)	(332,260)	90,255	422,515
Other Financing Sources (Uses)				
Operating transfer in	0	18,560	18,560	0
Net Change in Fund Balances	(315,171)	(313,700)	108,815	422,515
Fund Balances - Beginning of year	1,881,784	2,177,073	2,177,073	0
Fund Balances - End of year	\$1,566,613	\$1,863,373	\$2,285,888	\$422,515

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

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2020*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Local Sources			
Property taxes	\$844,264	\$843,810	(\$454)
Investment income	3,515	3,740	225
Contributions	15,858	17,358	1,500
Athletics	76,535	76,566	31
Other revenue	128,378	128,727	349
Total Local Sources	1,068,550	1,070,201	1,651
State Sources			
Unrestricted grants:			
Proposal A obligation	3,098,726	3,098,770	44
Discretionary payment	1,736,592	1,981,390	244,798
Restricted grants:			
Special education-Headlee obligation	260,278	260,279	1
At risk	212,934	192,542	(20,392)
MPERS rate offset	566,244	569,157	2,913
Other state grants	140,173	126,199	(13,974)
Transfer from intermediate school district:			
Vocational education	18,707	18,753	46
Total State Sources	6,033,654	6,247,090	213,436
Federal Sources			
Title I	35,169	34,422	(747)
Title IIA	22,494	16,786	(5,708)
Title IV	10,000	10,000	0
Medicaid outreach grant	1,820	2,259	439
ESSER	28,570	28,570	0
Transfer from intermediate school district:			
Homeless Students' Assistance	6,552	6,552	0
Total Federal Sources	104,605	98,589	(6,016)
Interdistrict and Other Sources			
County special education tax	268,939	268,939	0
Technology enhancement millage	234,535	234,790	255
Bus Driver Safety	224	224	0
Transportation	2,902	2,902	0
Insurance reimbursements	26,597	26,606	9
Transfer from capital projects	18,560	18,560	0
Total Interdistrict and Other Sources	551,757	552,021	264
Total Revenues	<u>\$7,758,566</u>	<u>\$7,967,901</u>	<u>\$209,335</u>

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$879,172	\$595,792	\$28,004
Middle School	508,550	356,905	13,198
High School	718,279	500,099	46,687
Summer School	0	0	0
	<u>2,106,001</u>	<u>1,452,796</u>	<u>87,889</u>
Added Needs:			
Special education	327,391	212,617	2,230
Compensatory education	144,771	90,680	0
Vocational education	49,521	42,697	5,273
	<u>521,683</u>	<u>345,994</u>	<u>7,503</u>
 Total Instruction	 2,627,684	 1,798,790	 95,392
Support Services			
Pupil:			
Guidance	68,208	52,771	0
Health	0	0	0
Speech	69,724	47,513	0
Social work services	0	0	0
Other pupil services	58,120	33,681	4,105
	<u>196,052</u>	<u>133,965</u>	<u>4,105</u>
Instructional Staff:			
Improvement of instruction	73,200	42,518	23,361
Library	5,052	2,385	998
Technology assisted	22,624	10,638	49,013
	<u>100,876</u>	<u>55,541</u>	<u>73,372</u>
General Administration:			
Board of Education	3,600	280	40,289
Executive administration	131,700	97,912	2,431
	<u>135,300</u>	<u>98,192</u>	<u>42,720</u>
School Administration:			
Office of the principal	296,128	201,604	2,815
Other school administration	0	0	0
	<u>296,128</u>	<u>201,604</u>	<u>2,815</u>
Business Administration:			
Fiscal services	129,935	74,941	1,379
Internal services	0	0	190
Other business services	0	0	5,026
	<u>129,935</u>	<u>74,941</u>	<u>6,595</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$36,737	\$40,891	\$0	\$1,580,596	\$1,589,955	\$9,359
13,223	12,372	570	904,818	914,406	9,588
38,051	34,521	37,495	1,375,132	1,380,090	4,958
0	0	0	0	2,181	2,181
88,011	87,784	38,065	3,860,546	3,886,632	26,086
177	3,034	0	545,449	544,304	(1,145)
10,546	201	0	246,198	284,600	38,402
8,753	4,672	1,681	112,597	112,827	230
19,476	7,907	1,681	904,244	941,731	37,487
107,487	95,691	39,746	4,764,790	4,828,363	63,573
1,456	152	0	122,587	122,820	233
76	0	0	76	80	4
366	0	0	117,603	118,047	444
0	0	3,930	3,930	4,098	168
0	0	0	95,906	97,201	1,295
1,898	152	3,930	340,102	342,246	2,144
544	430	0	140,053	140,210	157
0	0	0	8,435	8,591	156
126	43,947	0	126,348	129,550	3,202
670	44,377	0	274,836	278,351	3,515
917	0	5,421	50,507	53,706	3,199
1,972	267	1,115	235,397	242,355	6,958
2,889	267	6,536	285,904	296,061	10,157
2,945	1,545	720	505,757	508,070	2,313
463	0	0	463	750	287
3,408	1,545	720	506,220	508,820	2,600
1,608	1,395	6,616	215,874	218,474	2,600
0	0	0	190	227	37
0	0	97	5,123	5,526	403
1,608	1,395	6,713	221,187	224,227	3,040

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
(Concluded)			
Support Services			
Operating buildings services	\$69,793	\$54,749	\$247,379
Security services	<u>0</u>	<u>0</u>	<u>87,150</u>
Total Operations and Maintenance	69,793	54,749	334,529
Pupil transportation	140,097	77,965	112,023
Central Services:			
Communication services	0	0	8,885
Staff services	3,400	1,178	16,889
Technology	0	0	49,709
Pupil accounting	<u>0</u>	<u>0</u>	<u>0</u>
	3,400	1,178	75,483
Athletics	<u>84,708</u>	<u>45,831</u>	<u>80,740</u>
Total Support Services	1,156,289	743,966	645,232
Community Services			
Community activities	<u>0</u>	<u>0</u>	<u>0</u>
Total Community Services	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>3,783,973</u></u>	<u><u>2,542,756</u></u>	<u><u>740,624</u></u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$99,966	\$110,615	\$120	\$582,622	\$679,401	\$96,779
90	114,721	0	201,961	225,167	23,206
100,056	225,336	120	784,583	904,568	119,985
25,926	0	3,139	359,150	365,333	6,183
2,779	0	0	11,664	11,854	190
157	0	0	21,624	28,174	6,550
7,838	2,190	7,188	66,925	61,983	(4,942)
9	0	0	9	20	11
10,783	2,190	7,188	100,222	102,031	1,809
4,291	3,479	2,799	221,848	222,021	173
151,439	164,020	31,145	3,094,052	3,243,658	126,400
244	0	0	244	245	1
244	0	0	244	245	1
259,170	259,711	70,891	7,859,086	8,072,266	189,974

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)

	2019	2018	2017	2016	2015	2014
A. School District's proportion of net pension liability (%)	3.86221%	0.03721%	0.03625%	0.03453%	0.03206%	0.03296%
B. School District's proportion proportionate share of net pension liability	\$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	\$3,440,900	\$3,239,983	\$3,070,857	\$3,020,287	\$2,685,414	\$2,812,081
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	26.90%	28.97%	32.69%	35.06%	34.30%	38.73%
E. Plan fiduciary net position as a percentage of total pension liability	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)

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

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

WHITEFORD AGRICULTURAL SCHOOLS

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

	2019	2018	2017
A. School District's proportion of net OPEB liability (%)	3.92072%	0.03797%	0.03631%
B. School District's proportion proportionate share of net OPEB liability	\$2,814,194	\$3,017,915	\$3,215,011
C. School District's covered-employee payroll	\$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 (%)	122.27%	107.36%	95.52%
E. Plan fiduciary net position as a percentage of total OPEB liability	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)*

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

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

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

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

*Notes to Required Supplemental Information
Year Ended June 30, 2020*

Changes of benefit terms: There were no changes of benefit terms in 2020.

Changes of assumptions: There were no changes of assumptions in 2020.

OTHER SUPPLEMENTAL INFORMATION

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

*Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Investment income	\$0	\$0	\$4,092	\$4,092
Other	0	0	800	800
Total Revenues	0	0	4,892	4,892
Expenditures				
Building improvements services:				
Purchase services	25,000	268,693	255,458	13,235
Capital outlay	0	100,000	10,100	89,900
Other	0	143,578	143,190	388
Total Expenditures	25,000	512,271	408,748	103,523
Excess (Deficiency) of Revenues Over Expenditures	(25,000)	(512,271)	(403,856)	108,415
Other Financing Sources (Uses)				
General obligation bonds issued	0	4,555,000	4,555,000	0
Premium on bond	0	308,004	308,004	0
Operating transfers in	25,000	0	0	0
Operating transfers out	0	(18,560)	(18,560)	0
Total Other Financing Sources (Uses)	25,000	4,844,444	4,844,444	0
Net Change in Fund Balances	0	4,332,173	4,440,588	108,415
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$4,332,173	\$4,440,588	\$108,415

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

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020*

	Special Revenue Fund	Debt Retirement Fund	Capital Projects Fund	
	Food Service	2015 Refunding School Bond	Sinking	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$14,957	\$129,551	\$154,202	\$298,710
Due from other governmental units	1,613	0	0	1,613
Due from other funds	70,086	0	0	70,086
Inventory	2,762	0	0	2,762
Prepaid expenditures	604	0	0	604
 Total Assets	 \$90,022	 \$129,551	 \$154,202	 \$373,775
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$13,624	\$0	\$128,000	\$141,624
Unearned revenue	8,795	0	0	8,795
 Total Liabilities	 22,419	 0	 128,000	 150,419
Fund Balances				
Nonspendable for prepaid expenditures	604	0	0	604
Restricted for food service	66,999	0	0	66,999
Restricted for debt service	0	129,551	0	129,551
Restricted for capital outlay	0	0	26,202	26,202
 Total Fund Balances	 67,603	 129,551	 26,202	 223,356
 Total Liabilities and Fund Balances	 \$90,022	 \$129,551	 \$154,202	 \$373,775

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

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020*

	Special Revenue Fund	Debt Retirement Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	2015 Refunding School Bond	Sinking	
Revenues				
Local sources	\$89,189	\$566,673	\$218,917	\$874,779
State sources	10,992	8,654	3,380	23,026
Federal sources	132,189	0	0	132,189
Total Revenues	232,370	575,327	222,297	1,029,994
Expenditures				
Food service	226,401	0	0	226,401
Capital outlay	0	0	369,556	369,556
Debt service	0	557,362	0	557,362
Total Expenditures	226,401	557,362	369,556	1,153,319
Excess (Deficiency) of Revenues Over Expenditures	5,969	17,965	(147,259)	(123,325)
Net Change in Fund Balances	5,969	17,965	(147,259)	(123,325)
Fund Balances - Beginning of year	61,634	111,586	173,461	346,681
Fund Balances - End of year	\$67,603	\$129,551	\$26,202	\$223,356

**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, 2020*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$126,969	\$89,181	\$89,189	\$8
State Sources:				
Restricted grants	9,953	10,992	10,992	0
Federal Sources:				
Restricted grants	83,729	118,183	118,184	1
Commodities	13,700	15,555	14,005	(1,550)
Total Federal Sources	97,429	133,738	132,189	(1,549)
Total Revenues	234,351	233,911	232,370	(1,541)
Expenditures				
Salaries	0	3,855	3,296	559
Employee benefits	0	1,336	1,203	133
Purchases services	114,937	99,218	101,572	(2,354)
Supplies and materials	115,571	105,624	102,673	2,951
Capital outlay	0	18,170	14,663	3,507
Other	2,805	2,994	2,994	0
Total Expenditures	233,313	231,197	226,401	4,796
Net Change in Fund Balances	1,038	2,714	5,969	3,255
Fund Balance - Beginning of year	51,897	61,634	61,634	0
Fund Balance - End of year	\$52,935	\$64,348	\$67,603	\$3,255

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

*2015 Refunding School Bond Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$558,208	\$570,217	\$566,017	(\$4,200)
Investment income	0	600	656	56
Total Local Sources	558,208	570,817	566,673	(4,144)
State Sources:				
State payment in lieu of tax	8,654	8,654	8,654	0
Total Revenues	566,862	579,471	575,327	(4,144)
Expenditures				
Debt service:				
Principal	405,000	405,000	405,000	0
Interest and fiscal charges	150,400	150,400	150,400	0
Other	1,100	1,990	1,962	28
Total Expenditures	556,500	557,390	557,362	28
Net Change in Fund Balances	10,362	22,081	17,965	(4,116)
Fund Balance - Beginning of year	111,586	111,586	111,586	0
Fund Balance - End of year	<u>\$121,948</u>	<u>\$133,667</u>	<u>\$129,551</u>	<u>(\$4,116)</u>

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

*Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$212,874	\$219,996	\$218,340	(\$1,656)
Investment income	450	575	577	2
Total Local Sources	213,324	220,571	218,917	(1,654)
State Sources:				
State payment in lieu of tax	3,500	3,381	3,380	1
Total Revenues	216,824	223,952	222,297	(1,653)
Expenditures				
Capital outlay:				
Purchase services	750	25,065	19,315	5,750
Capital outlay	100,000	367,424	350,227	17,197
Other	0	15	14	1
Total Expenditures	100,750	392,504	369,556	22,948
Net Change in Fund Balances	116,074	(168,552)	(147,259)	21,295
Fund Balance - Beginning of year	74,868	173,461	173,461	0
Fund Balance - End of year	\$190,942	\$4,909	\$26,202	\$21,295

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

*Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2020*

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Assets				
Cash	\$165,749	\$191,124	\$173,463	\$183,410
Due from other funds	5,899	0	5,523	376
	<u>\$171,648</u>	<u>\$191,124</u>	<u>\$178,986</u>	<u>\$183,786</u>
Liabilities				
Due to student groups	<u>\$171,648</u>	<u>\$191,124</u>	<u>\$178,986</u>	<u>\$183,786</u>

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2020*

	Due to (From) Student Groups July 1, 2019	Receipts	Disbursements	Due to (From) Student Groups June 30, 2020
Due to School District:				
Athletics	\$1,466	\$928	\$1,487	\$907
Elementary Claws	92	0	26	66
Elementary Activity	1,702	2,463	2,963	1,202
Employee Recognition	300	0	0	300
Families in Need Program	269	0	139	130
MS/HS Activity	1,651	2,121	1,453	2,319
Michigan Sales Tax	149	563	696	16
Kindergarten	10	896	903	3
First Grade	37	242	279	0
Second Grade	302	176	318	160
Third Grade	404	390	383	411
Fourth Grade	27	444	333	138
Fifth Grade	764	1,056	611	1,209
Sixth Grade	1,035	0	0	1,035
Graduated-carryover	6,428	0	0	6,428
Class of 2019	732	4	736	0
Class of 2020	713	2,465	2,180	998
Class of 2021	0	1,570	248	1,322
Class of 2022	1	434	326	109
Class of 2023	0	626	423	203
Bobcat Archery	643	0	0	643
Varsity Baseball	1,970	1,425	967	2,428
Basketball - Boys	1,654	1,356	2,712	298
Cheerleaders	3,500	2,764	6,264	0
Cross Country	1,000	1,529	7	2,522
Varsity Football	7,206	14,843	18,062	3,987
Hubbard Concessions	4,400	7,441	9,315	2,526
High School Track	4,934	894	1,710	4,118
Basketball-Girls	5,412	4,937	6,594	3,755
Volleyball	5,078	5,322	3,398	7,002
Cheerleaders-MS	498	0	0	498
Golf	1,098	0	0	1,098
Binder Scholarship	1,574	0	250	1,324
Bischoff Scholarship	12,443	0	0	12,443
Lennard Scholarship	206	0	100	106
Kris Hubbard Scholarship	2,815	405	0	3,220
Seegert Scholarship	16,295		1,500	14,795
Van Hove Scholarship	865	0	100	765

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2020*

	Due to (From) Student Groups July 1, 2019	Receipts	Disbursements	Due to (From) Student Groups June 30, 2020
(Continued)				
King Scholarship	\$1,525	\$0	\$100	\$1,425
Whiteford Community Scholarship	37	30	0	67
WRC Scholarship	0	500	500	0
Liz Lykowski Scholarship	5,259	735	300	5,694
Class of '76 Scholarship	1,465	1,050	700	1,815
Winters Scholarship	1,000	0	1,000	0
Wing Scholarship	19,000	0	4,000	15,000
Dean Knight Scholarship	30	0	30	0
WRC P2P Scholarship	263	0	0	263
WAS FAC/Staff Scholarship	220	0	0	220
Elementary Art	327	0	138	189
MS/HS Art	344	900	1,104	140
HS Agri/FFA	25,929	29,546	15,302	40,173
Elementary Camp	2,359	11,256	13,389	226
Challenge Day	21	0	21	0
MS/HS Spirit Committee	36	0	36	0
Student Prev Lead Team	3,343	2,500	72	5,771
Elementary Crafting For Literacy	240	2,695	1,533	1,402
Science Fair	572	961	5	1,528
Honor Society	819	0	37	782
Elementary Journalism	1,042	0	0	1,042
High School Journalism	3,670	6,571	7,046	3,195
Middle School Journalism	31	63	1	93
Elementary Library	835	2,401	2,700	536
High School Library	29	0	0	29
High Project DC	406	0	0	406
21st Century Leaders	180	0	46	134
Put-in-Bay	65	0	65	0
Solar Sprint	896	0	896	0
High School Robotics	991	17,342	5,933	12,400
Elementary Student Council	1,241	1,967	1,122	2,086
Student Council - High School	1,860	1,907	2,686	1,081
Student Council - Middle School	332	2,383	1,027	1,688
Founders Day	6,649	29,971	36,562	58

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2020*

	Due to (From) Student Groups July 1, 2019	Receipts	Disbursements	Due to (From) Student Groups June 30, 2020
(Concluded)				
Elementary Special Education	\$730	\$0	\$583	\$147
Counseling Program	183	0	84	99
Superintendent Activity	130	15,748	13,951	1,927
Café - Needy Students	247	0	0	247
Interest / Service Charge	0	1,698	1,698	0
MS/HS Quiz Bowl	153	0	0	153
MS/HS Families in Need	516	5,345	1,130	4,731
MS Genius Hour	0	261	206	55
W'Ford Fire Dept. Scholarship	1,000	0	500	500
	<u>1,000</u>	<u>0</u>	<u>500</u>	<u>500</u>
Total Due to Student Groups	<u>\$171,648</u>	<u>\$191,124</u>	<u>\$178,986</u>	<u>\$183,786</u>

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

*Summary of 2019 Tax Levy
Year Ended June 30, 2020*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	17.9712	\$45,644,445	\$820,285
General Fund operating - commercial	6.0000	5,312,913	31,877
2015 Debt Retirement Fund	2.5500	213,922,469	545,502
2015 Debt Retirement Fund - IFT	1.2750	696,501	888
Sinking Fund	0.9837	213,922,469	210,436
Sinking Fund - IFT	0.4919	696,501	343
			1,609,331
Summerfield Township			
General Fund operating - non-homestead	17.9712	370,037	6,650
2015 Debt Retirement Fund	2.5500	1,997,198	5,093
Sinking Fund	0.9837	1,997,198	1,965
			13,708
Riga Township			
General Fund operating - non-homestead	17.9712	585,599	10,524
General Fund operating - commercial	6.0000	730	4
2015 Debt Retirement Fund	2.5500	7,346,460	18,733
Sinking Fund	0.9837	7,346,460	7,227
			36,488
Total			\$1,659,527
Summary			
General Fund operating - non-homestead		46,600,081	\$837,459
General Fund operating - commercial		5,313,643	31,881
2015 Debt Retirement Fund		223,266,127	569,328
2015 Debt Retirement Fund - IFT		696,501	888
Sinking Fund		223,266,127	219,628
Sinking Fund - IFT		696,501	343
			\$1,659,527

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

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2020*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Technology enhancement millage	\$234,535	\$234,790	\$255
Total Revenues	234,535	234,790	255
Expenditures			
Instruction:			
Salaries	1,457	1,457	0
Fringe benefits	505	509	(4)
Purchase services	14,176	13,055	1,121
Supplies	570	606	(36)
Capital outlay	69,785	69,763	22
Total Instruction	86,493	85,390	1,107
Support:			
Salaries	38,037	38,038	(1)
Fringe benefits	19,965	19,976	(11)
Purchase services	40,096	40,061	35
Supplies	160	125	35
Capital outlay	23,785	21,183	2,602
Other	754	0	754
Total Support	122,797	119,383	3,414
Total Expenditures	209,290	204,773	4,521
Net Change in Fund Balance	25,245	30,017	4,266
Restricted for Technology Enhancement - Beginning of Year	87,946	138,944	50,998
Total Technology Enhancement - End of Year	\$113,191	\$168,961	\$55,264
Restricted for Technology - End of Year	\$94,903	\$150,673	\$21,366
Assigned for Technology - End of Year	18,288	18,288	0
	\$113,191	\$168,961	\$21,366

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

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2020*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Admissions	\$27,650	\$38,555	\$38,555	\$0
Participation fees	29,450	32,915	32,915	0
Other	0	5,065	5,096	31
Total Local Sources	57,100	76,535	76,566	31
State Sources:				
Restricted grants	10,199	9,405	9,420	15
Total Revenues	<u>\$67,299</u>	<u>\$85,940</u>	<u>\$85,986</u>	<u>\$46</u>
Expenditures				
Operations and maintenance:				
Security services				
Purchased services	\$1,500	\$1,770	\$1,769	\$1
Pupil Transportation:				
Salaries	5,225	3,170	3,104	66
Employee benefits	2,557	1,560	1,541	19
Central Services:				
Staff services				
Purchased services	1,670	390	230	160
Athletics:				
Salaries	82,715	83,594	84,708	(1,114)
Employee benefits	43,432	45,292	45,831	(539)
Purchased services	102,613	80,775	80,740	35
Supplies and materials	4,925	6,077	4,291	1,786
Capital outlay	1,800	3,484	3,479	5
Other	2,381	2,799	2,799	0
Total Expenditures	<u>\$248,818</u>	<u>\$228,911</u>	<u>\$228,492</u>	<u>\$419</u>

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

*Schedule of Expenditures of Federal Awards
June 30, 2020*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Passed Through State Department of Education:		
Title I	191530-1819	\$35,650
Title I	201530-1920	35,169
Title II Part A	190520-1819	23,669
Title II Part A	200520-1920	22,294
Title IV Part A	200750-1920	10,000
ESSER Formula Funds	203710-1920	28,570
Total Passed Through State Dept. of Education		<u>155,352</u>
Passed Through Intermediate School District:		
Homeless Students' Assistance	192320-1819	4,049
Homeless Students' Assistance	202320-1920	6,552
Total Passed Through Intermediate School District		<u>10,601</u>
Total U.S. Department of Education		165,953
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	2,259
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
Cash Assistance:		
National School Lunch Program		
191960 All Lunches	10.555	75,971
201960 All Lunches	10.555	102,596
		<u>178,567</u>
191970 Breakfast	10.553	12,705
201970 Breakfast	10.553	6,914
		<u>19,619</u>
		198,186
Noncash Assistance (Commodities)		
National Lunch Program Commodities	10.555	14,005
Total U.S. Department of Agriculture		<u>212,191</u>
Total Federal Financial Assistance		<u><u>\$380,403</u></u>

Accrued (Deferred) Revenue July 1, 2019	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2020
\$316	\$35,316	\$75	\$391	0
0	0	34,347	34,347	0
647	14,647		647	0
0	0	16,786	16,786	0
0	0	10,000	10,000	0
0	0	28,570	0	28,570
963	49,963	89,778	62,171	28,570
458	4,049	0	458	0
0	0	6,552	6,552	0
458	4,049	6,552	7,010	0
1,421	54,012	96,330	69,181	28,570
\$0	\$917	2,259	\$2,259	\$0
\$1,432	\$68,436	7,535	\$8,967	0
0	0	102,596	102,596	0
1,432	68,436	110,131	111,563	0
366	11,546	1,159	1,525	0
0	0	6,894	6,894	0
366	11,546	8,053	8,419	0
1,798	79,982	118,184	119,982	0
0	13,912	14,005	14,005	0
\$1,798	\$93,894	132,189	\$133,987	\$0
		\$230,778		

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020*

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Whiteford Agricultural Schools under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Whiteford Agricultural Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Whiteford Agricultural Schools.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement.
3. Whiteford Agricultural Schools has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.
5. There were no federal awards expended for loan or loan guarantee programs.
6. Whiteford Agricultural Schools does not have any subrecipients.
7. The amounts reported on the Grant Section Auditors Report reconcile with this schedule.

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Board of Education

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

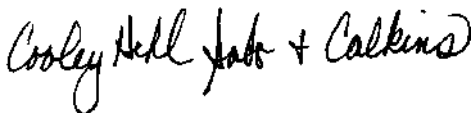
In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

Very truly yours,



September 30, 2020

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2020

To the Board of Education

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 24, 2020. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whiteford Agricultural Schools are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending June 30, 2020. We noted no transactions entered into by Whiteford Agricultural Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Financial statement disclosures are neutral, consistent, and clear.

To the Board of Education
Whiteford Agricultural Schools

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Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

To the Board of Education
Whiteford Agricultural Schools

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Other Matters

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

We were engaged to report on the nonmajor fund budget and actual statements, the agency changes in assets and liabilities, and the federal financial assistance program schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United 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 Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Handwritten signature in cursive script, reading "Cooley Hill, Jr. & Calkins".