

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

ANNUAL FINANCIAL REPORT  
June 30, 2009

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

*School Board Members  
June 30, 2009*

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<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Holly Bunge	President	6/30/2011
Dan Martin	Vice-President	6/30/2013
Karen Miller	Secretary	6/30/2011
Michelle Wing	Treasurer	6/30/2010
John Hutchinson	Trustee	6/30/2009
Christine Bischoff	Trustee	6/30/2010
Tracy Malhoit	Trustee	6/30/2012

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

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*June 30, 2009*

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

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### Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2009 on our consideration of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 34 through 39, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whiteford Agricultural School's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Whiteford Agricultural Schools. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



November 3, 2009



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Whiteford Agricultural School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Whiteford Agricultural School's financial statements that is more than inconsequential will not be prevented or detected by Whiteford Agricultural School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Whiteford Agricultural School's internal control.

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

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

Compliance and Other Matters

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

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

*Cooley Hald Wohlgauth + Carlton*

November 3, 2009



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

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

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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, 2009. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Funds, and Debt Service Funds.

**Using this Annual Report**

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

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

Basic Financial Statements

*District-Wide Financial Statements      Fund Financial Statements*

*Notes to the Basic Financial Statements*

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

*Other Supplemental Information*

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

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

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**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

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

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

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

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

**District-Wide Financial Analysis**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2009 and 2008.

**Table 1**

**Comparative Statement of Net Assets**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Current and other assets	\$2,287,276	\$ 3,120,260
Capital assets	<u>7,418,817</u>	<u>7,670,478</u>
<b>Total Assets</b>	<b><u>9,706,093</u></b>	<b><u>10,790,738</u></b>
Current and other liabilities	999,237	1,740,738
Long-term liabilities	<u>7,355,638</u>	<u>7,576,583</u>
<b>Total Liabilities</b>	<b><u>8,354,875</u></b>	<b><u>9,317,321</u></b>
Net Assets		
Invested in capital assets, net of related debt	105,530	172,527
Restricted for technology enhancement	266,182	201,104
Restricted for debt service	199,548	200,987
Unrestricted	<u>779,958</u>	<u>898,799</u>
<b>Total Net Assets</b>	<b><u>\$1,351,218</u></b>	<b><u>\$ 1,473,417</u></b>

As depicted in Table 1, the School District's net assets were \$1,351,218 at June 30, 2009. Of this amount, \$779,958 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities (compensated absences for example), we would have \$779,958 left. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal years ended June 30, 2009 and 2008.

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

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

**District–Wide Financial Analysis - Concluded**

**Table 2**

**Comparative Statement of Changes in Net Assets**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 209,333	\$ 220,205
State grants and other revenue	516,646	438,976
Federal grants	<u>360,488</u>	<u>80,315</u>
	1,086,467	739,496
General revenues:		
Property taxes	1,649,328	1,739,399
State foundation allowance	4,161,429	4,340,281
Other general revenues	<u>56,855</u>	<u>114,354</u>
	<u>5,867,612</u>	<u>6,194,034</u>
 Total Revenues	 6,954,079	 6,933,530
 <b>Functions/Program Expenses</b>		
Instruction	3,886,211	3,718,595
Support services	2,234,204	2,278,247
Athletics	149,849	146,467
Food services	219,148	207,400
Interest on long-term debt	355,339	364,593
Depreciation	<u>231,527</u>	<u>239,837</u>
 Total Expenses	 <u>7,076,278</u>	 <u>6,955,139</u>
 <b>Increase (Decrease) in Net Assets</b>	 <u>\$ (122,199)</u>	 <u>\$ (21,609)</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$7,076,278. Of this amount, \$1,086,467 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 assets this year of \$122,199. Reasons for this decrease include: increase in instruction costs of \$167,616 off set by a small increase in revenues (\$20,549) and a reduction in other expense categories of \$46,477. A reconciliation of the change in fund balances to the change in net assets appears on page 18.

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

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

**Fund Financial Analysis**

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$1,580,899, which is an decrease of \$79,133 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund balances - Beginning of year</b>	\$1,459,045	\$200,987	\$1,660,032
Increase (decrease)	<u>(77,694)</u>	<u>(1,439)</u>	<u>(79,133)</u>
<b>Fund balances – End of year</b>	<u>\$1,381,351</u>	<u>\$199,548</u>	<u>\$1,580,899</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.

<b>Revenues</b>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Percent Change</u>
Local sources	\$968,168	\$1,119,150	(13.5)%
State sources	4,465,816	4,612,150	(3.2)%
Federal sources	314,098	32,886	855.1 %
Interdistrict and other sources	<u>437,330</u>	<u>387,671</u>	12.8 %
	<u>\$6,185,412</u>	<u>\$6,151,857</u>	0.5 %

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

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

**Fund Financial Analysis – Concluded**

<b>Expenditures</b>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Percent Change</u>
Instruction	\$ 3,900,413	\$3,735,597	4.4 %
Support services	2,237,755	2,282,498	(2.0)%
Operating transfers out	124,938	100,663	24.1 %
	<u>\$ 6,263,106</u>	<u>\$6,118,758</u>	2.4 %

**General Fund Budgetary Highlights**

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

**Revenues** – The original budget for revenues was \$6,127,048 versus the final budget of \$6,282,380, an increase of \$155,332. Major components of revenue and the original versus final projections are discussed below.

- Net decrease adjustment of \$92,300 between Property Taxes and State Aid due to decrease in pupil count. Original budget reflected blended count of 749 FTE's; final budget reflects actual blended count of 736 FTE's.
- Increase of \$45,404 in Special Ed funds received through the ISD.
- Adjustment of \$17,844 for Title II Part A Carryover.

**Expenditures** – The original budget for expenditures was \$6,664,177 compared to the final budget of \$6,633,345; a decrease of \$30,832. There was movement among many of the budget expenditure lines; however most were not significant.

**Final Budget versus Actual Figures**

**Revenues** – General Fund actual revenue was \$6,185,412 versus a budget of \$6,282,380; a difference of \$96,968.

- At Risk funds in the amount of \$27,437 were carried over.
- Title I funds in the amount of \$38,295 were carried over.
- Title II funds of \$34,133 were carried over.

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

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

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**Final Budget versus Actual Figures (concluded)**

**Expenditures** – Final budget for expenditures was \$6,633,345 compared to actual expenditures of \$6,263,106. This difference is mainly attributed to the following.

- Instructional and instructional support staff expenditures were approximately \$180,000 less than budgeted. This amount includes the grant funds as mentioned above.
- Media Center supplies were \$10,198 less than budgeted.
- Support Services Executive Administration expended \$16,902 less than budgeted due mainly to adjusted days worked for the contracted interim superintendent.
- Other Business Services was approximately \$23,000 under budget due to the interest earnings offset for the state aid note loan payment set asides.
- Buildings, grounds, and maintenance expenses were \$53,487 less than budgeted.
- Transportation expenses were \$27,725 less than budgeted.
- Operating Transfers to the Athletic and Cafeteria fund were \$7,001 and \$10,746 less than budgeted.

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2009 the School District had \$10,866,295 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, furniture and equipment. The District did not have any additions but did sell two buses in 2009. Depreciation for this year totaled \$231,527. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

**Debt**

At June 30, 2009, the School District had \$7,655,855 in outstanding bonds. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

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

**Development of the 2009-10 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2009-10 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 2009 fiscal year is 25 percent of the February 2009 and 75 percent of the September 2009 student counts. The 2009-10 budget was adopted June 8, 2009. The budget was set assuming no change in the state foundation, and used a blended enrollment of 720 students which is approximately 16 FTE's less than the previous year's actual figure. Approximately 88% of total revenue is from the foundation allowance and property tax levy.

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

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

*Management's Discussion and Analysis  
Year Ended June 30, 2009*

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**Contacting Whiteford Schools Business Office**

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



## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

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

*Statement of Net Assets  
June 30, 2009*

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$1,399,100
Accounts/taxes receivable	21,663
Due from other governmental units	863,823
Inventories	1,815
Prepaid expenses	875
Depreciable capital assets, net	7,418,817
Total Assets	9,706,093
<b>Liabilities</b>	
Accounts payable	56,038
Salaries payable	342,734
Other liabilities	171,511
Accrued interest payable	52,861
State aid note payable	107,143
Deferred revenue	28,951
Long-term liabilities:	
Due within one year	239,999
Due in more than one year	7,652,351
Plus:	
Unamortized premium on bonds	39,444
Less:	
Unamortized bond issuance costs	(87,349)
Unamortized advanced amount on refunding	(248,808)
Total Liabilities	8,354,875
<b>Net Assets</b>	
Invested in capital assets, net of related debt	105,530
Restricted for technology enhancement	266,182
Restricted for debt service	199,548
Unrestricted	779,958
Total Net Assets	\$1,351,218

See accompanying notes to the basic financial statements

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

*Statement of Activities  
Year Ended June 30, 2009*

<b>Functions/Programs</b>	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Primary government -				
Governmental activities:				
Instruction	\$3,886,211	\$27,376	\$803,812	(\$3,055,023)
Support services	2,234,204	0	10,522	(2,223,682)
Athletics	149,849	56,713	0	(93,136)
Food services	219,148	125,244	56,779	(37,125)
Interest on long-term debt	355,339	0	6,021	(349,318)
Depreciation (Unallocated)	231,527	0	0	(231,527)
Total Governmental Activities	\$7,076,278	\$209,333	\$877,134	(5,989,811)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				923,318
Property taxes, levied for technology				192,941
Property taxes, levied for debt retirement				533,069
State of Michigan aid, unrestricted				4,161,429
Interest and investment earnings				26,276
Loss on disposal of asset				(13,428)
Other				44,007
				5,867,612
<b>Change in Net Assets</b>				(122,199)
Net Assets - Beginning of year				1,473,417
Net Assets - End of year				\$1,351,218

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, 2009*

	General	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>			
Cash and cash equivalents	\$1,195,652	\$203,448	\$1,399,100
Accounts/taxes receivable	8,529	13,134	21,663
Due from other governmental units	862,629	1,194	863,823
Due from other funds	15,158	0	15,158
Inventory	0	1,815	1,815
Prepaid expense	0	875	875
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$2,081,968</u>	<u>\$220,466</u>	<u>\$2,302,434</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$51,146	\$4,892	\$56,038
Salaries payable	342,524	210	342,734
Other liabilities	170,853	658	171,511
State aid note payable	107,143	0	107,143
Deferred revenue	28,951	0	28,951
Due to other funds	0	15,158	15,158
	<hr/>	<hr/>	<hr/>
Total Liabilities	700,617	20,918	721,535
<b>Fund Balances</b>			
Reserved for technology enhancement	266,182	0	266,182
Reserved for debt service	0	199,548	199,548
Unreserved - undesignated	1,115,169	0	1,115,169
	<hr/>	<hr/>	<hr/>
Total Fund Balances	1,381,351	199,548	1,580,899
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$2,081,968</u>	<u>\$220,466</u>	<u>\$2,302,434</u>

See accompanying notes to the basic financial statements

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

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
Year Ended June 30, 2009*

<b>Total Fund Balances - Governmental Funds</b>		<b>\$1,580,899</b>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
Cost of the capital assets	\$10,866,295	
Accumulated depreciation	(3,447,478)	
		7,418,817
<p>Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Bonds payable	(7,655,855)	
Compensated absences/severance compensation	(236,495)	
Accrued interest	(52,861)	
Premium amortized over the life of the bonds	(39,444)	
Issuance costs amortized over the life of the bonds	87,349	
Advanced amount on refunding amortized over the life of the bonds	248,808	
		(7,648,498)
<b>Total Net Assets - Governmental Activities</b>		<b>\$1,351,218</b>

See accompanying notes to the basic financial statements

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

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2009*

	General	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>			
Local sources	\$968,168	\$722,634	\$1,690,802
State sources	4,465,816	16,410	4,482,226
Federal sources	314,098	46,390	360,488
Interdistrict and other sources	437,330	0	437,330
<b>Total Revenues</b>	<b>6,185,412</b>	<b>785,434</b>	<b>6,970,846</b>
<b>Expenditures</b>			
Instruction	3,900,413	0	3,900,413
Support services	2,237,755	368,997	2,606,752
Debt service	0	542,814	542,814
<b>Total Expenditures</b>	<b>6,138,168</b>	<b>911,811</b>	<b>7,049,979</b>
Excess (Deficiency) of Revenues Over Expenditures	47,244	(126,377)	(79,133)
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	0	124,938	124,938
Operating transfers out	(124,938)	0	(124,938)
<b>Total Other Financing Sources (Uses)</b>	<b>(124,938)</b>	<b>124,938</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(77,694)</b>	<b>(1,439)</b>	<b>(79,133)</b>
Fund Balances - Beginning of year	1,459,045	200,987	1,660,032
Fund Balances - End of year	<u>\$1,381,351</u>	<u>\$199,548</u>	<u>\$1,580,899</u>

See accompanying notes to the basic financial statements



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN  
THE COUNTIES OF MONROE AND LENAWEE, 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, 2009*

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>(\$79,133)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	<u>(\$231,527)</u>
	(231,527)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	214,772
Losses on the disposal of assets is recorded in the statement of activities, but proceeds are on the disposal are reported in the governmental funds	(20,134)
Governmental funds report issuance costs, the advanced amount on refunding, and the bond premium when debt is first issued, but these costs increase long-term liabilities in the statement of net assets and these amounts are amortized over the life of the bonds.	(25,336)
Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid	1,406
Decreases in the liability for compensated absences are reported as expenditures in the statement of activities, but not in the governmental funds	<u>17,753</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>(\$122,199)</u></u>

See accompanying notes to the basic financial statements

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

*Fiduciary Fund*  
*Statement of Fiduciary Net Assets*  
*June 30, 2009*

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	<u>Agency Fund</u>
	<u>Student Activities</u>
<b>Assets</b>	
Cash and certificates of deposit	<u>\$103,661</u>
<b>Liabilities</b>	
Due to student groups	<u>\$103,661</u>

See accompanying notes to the basic financial statements

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 1      Description of the School District and Reporting Entity

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

Reporting Entity

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

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

Note 2      Summary of Significant Accounting Policies

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

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

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

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 2      Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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

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

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

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

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

The School District reports the following major governmental fund:

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

The School District reports the following nonmajor governmental funds:

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

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 2      Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets or Equity

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

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

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

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 2      Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Concluded)

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

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

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

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

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

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

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

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

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

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 2      Summary of Significant Accounting Policies (Continued)

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

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

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

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

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 2      Summary of Significant Accounting Policies (Concluded)

F. Budgetary Policies (Concluded)

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

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

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

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, 2009, 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. No Fund had total expenditures that exceeded total appropriations.

Note 4      Deposits and Investments

As of June 30, 2009, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Bank of America, Fifth Third Bank, Huntington Bank, National City Bank, Flagstar Bank, U.S. Bank, and Michigan School District Liquid Asset Fund Plus.

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



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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 4      Deposits and Investments (Concluded)

- B. Credit risk. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.
- C. Concentration of credit risk. The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.
- D. Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$1,523,883 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$660,598. Additionally, financial institutions can elect to participate in the FDIC sponsored transaction account guarantee program that provides depositors with unlimited coverage for non-interest bearing transaction accounts and transaction accounts that earn interest at a rate of 0.5% or less. At June 30, 2009, the School District has an additional \$763,285 in deposits insured through this program. Uninsured deposits are \$100,000.
- E. Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by; limiting investments to the types of securities listed in the School District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

The School District voluntarily invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the Securities Exchange Commission. MILAF reports that as of June 30, 2009, the fair value of the School District's investments is the same as the value of the pool shares. As of June 30, 2009, \$72,339 was held with MILAF.

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

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

Note 5

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Capital assets being depreciated:				
Land improvements	416,181	0	0	416,181
Buildings and building improvements	9,802,249	0	0	9,802,249
Machinery and equipment	128,425	0	0	128,425
Vehicles	576,287	0	78,760	497,527
 Total capital assets	 10,945,055	 0	 78,760	 10,866,295
 Less Accumulated Depreciation:				
Land improvements	(111,791)	(20,265)	0	(132,056)
Buildings and building improvements	(2,546,922)	(182,143)	0	(2,729,065)
Machinery and equipment	(115,743)	(4,267)	0	(120,010)
Vehicles	(500,121)	(24,852)	(58,626)	(466,347)
 Total accumulated depreciation	 (3,274,577)	 (231,527)	 (58,626)	 (3,447,478)
 Net capital assets	 \$7,670,478	 (\$231,527)	 \$20,134	 \$7,418,817

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

Note 6

Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2009 consisted of the following individual fund receivables and payables:

	Due From			
Due To:	Athletics Fund	Food Service Fund	2001 School Bond Fund	Total
General Fund	\$3,579	\$11,202	\$377	\$15,158

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

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 6      Interfund Payables, Receivables, and Transfers (Concluded)  
Interfund transfers at June 30, 2009, consisted of the following:

	<u>Transfers Out</u> <u>General Fund</u>
<u>Transfers In:</u>	
Athletics Fund	\$ 91,542
Food Service Fund	<u>33,396</u>
	<u>\$124,938</u>

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

Note 7      Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

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

B. Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 16.72 percent for the period July 1, 2008 through September 30, 2008 and was 16.54 percent for the period October 1, 2008 through June 30, 2009 of the covered payroll to the plan. Basic plan members make no contributions, but member investment plan (MIP) members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School's contributions to the MPSERS pension plan for the years ended June 30, 2009, 2008, and 2007 were \$604,857, \$694,676, and \$595,189, respectively.

C. Postemployment Benefits

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

Note 8      Enhancement Millage for Technology

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 2, 2006, at 0.9866 mill for an additional five years, 2007 to 2011. The intermediate school district will distribute the tax collections to the local school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

Note 9      Short-Term Debt Activity

The School District has various options for short-term financing including tax anticipation notes, state aid anticipation notes, and lines of credit. The School District entered into a short-term financing arrangement during the fiscal year ended June 30, 2009. This arrangement was for a state aid anticipation note, secured against the state aid fund allowance, through the Michigan Municipal Bond Authority. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
State aid anticipation note	\$750,000	\$750,000	\$1,392,857	\$107,143

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

Note 10      Long-Term Debt

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

	Balance June 30, 2008	Additions	Payments	Balance June 30, 2009	Due in One Year
School Improvement Bonds					
Series 1998	\$ 50,627	\$ -	\$ 4,772	\$ 45,855	\$ 4,999
2001 School Bonds	545,000	-	155,000	390,000	180,000
2005 Refunding Bonds	<u>7,275,000</u>	<u>-</u>	<u>55,000</u>	<u>7,220,000</u>	<u>55,000</u>
	7,870,627	-	214,772	7,655,855	239,999
Compensated absences payable	<u>254,428</u>	<u>-</u>	<u>17,753</u>	<u>236,495</u>	<u>0</u>
	<u>\$8,125,055</u>	<u>\$ -</u>	<u>\$232,525</u>	<u>\$7,892,350</u>	<u>\$239,999</u>

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

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

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

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

Note 10    Long-Term Debt (Continued)

School Improvement Bonds, Series 1998 - Interest rate 4.8%

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

<u>Fiscal Year</u>	<u>Interest Requirements May 1</u>	<u>Bond Maturities May 1</u>	<u>Total Requirements</u>
2010	\$1,022	\$4,999	\$6,021
2011	784	5,237	6,021
2012	10,582	29,872	40,454
2013	274	5,747	6,021
	<u>\$12,662</u>	<u>\$45,855</u>	<u>\$58,517</u>

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

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

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond Maturities May 1</u>	<u>Total Requirements</u>
	<u>November 1</u>	<u>May 1</u>		
2010	\$8,775	\$8,775	\$180,000	\$197,550
2011	4,725	4,725	210,000	219,450
	<u>\$13,500</u>	<u>\$13,500</u>	<u>\$390,000</u>	<u>\$417,000</u>

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

Note 10    Long-Term Debt (Concluded)

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

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

Fiscal Year	Interest Requirements		Bond	Total
	November 1	May 1	Maturities May 1	
2010	\$149,809	\$149,809	\$55,000	\$354,618
2011	148,847	148,847	60,000	357,694
2012	147,797	147,797	300,000	595,594
2013	141,797	141,797	330,000	613,594
2014	133,547	133,547	350,000	617,094
2015	124,797	124,797	365,000	614,594
2016	117,497	117,497	380,000	614,994
2017	109,897	109,897	400,000	619,794
2018	101,897	101,897	415,000	618,794
2019	93,597	93,597	430,000	617,194
2020	84,997	84,997	450,000	619,994
2021	75,997	75,997	465,000	616,994
2022	66,697	66,697	485,000	618,394
2023	56,997	56,997	505,000	618,994
2024	46,644	46,644	525,000	618,288
2025	35,816	35,816	545,000	616,632
2026	24,508	24,508	570,000	619,016
2027	12,537	12,537	590,000	615,074
	<u>\$1,673,675</u>	<u>\$1,673,675</u>	<u>\$7,220,000</u>	<u>\$10,567,350</u>

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

Fiscal Year	Interest	Principal	Total Requirement
2010	\$318,190	\$239,999	\$558,189
2011	307,928	275,237	583,165
2012	306,176	329,872	636,048
2013	283,868	335,747	619,615
2014	267,094	350,000	617,094
2015-2019	1,095,370	1,990,000	3,085,370
2020-2024	662,664	2,430,000	3,092,664
2025-2028	145,722	1,705,000	1,850,722
	<u>\$3,387,012</u>	<u>\$7,655,855</u>	<u>\$11,042,867</u>

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 11      Lease Commitments – Operating Leases

The School District has, as of June 30, 2009, contractual agreements specifying the following annual lease payment obligations:

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$ 56,088
2011	44,992
2012	10,508
2013	<u>7,881</u>
	<u>\$119,469</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 2008 property taxes were levied on December 1, 2008 on assessed valuations as of December 31, 2007. Taxes were collected beginning December 1, 2008 and payments were due by February 14, 2009. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2008 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$48,915,776	\$18.0000	\$ 880,484
Commercial	5,355,503	6.0000	32,165
2001 Debt Retirement Fund:			
Regular	208,428,633	2.5500	531,459
IFT	3,299,097	1.2750	<u>4,206</u>
Total			<u>\$1,448,314</u>

Note 13      Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2009, the School District incurred claims of \$368.

Note 14      Cafeteria Contract

During the fiscal year ended June 30, 2009, the School District contracted with Sodexho Management, Inc. (Sodexho) to cover all cafeterias within the School District. Pursuant to this agreement, Sodexho manages the food service operations of the School District. All costs of Sodexho have been reflected in the financial statements of the Food Service Fund as contracted services.

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

*Notes to Financial Statements  
Year Ended June 30, 2009*

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Note 15     Contingencies

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

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

Note 16     Risk Management and Insurance Pool

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

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

Note 17     Governmental Regulation

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

Note 18     Subsequent Events

The School District's management evaluated subsequent events from June 30, 2009 through November 3, 2009, the date the financial statements were available to be issued.



## REQUIRED SUPPLEMENTAL INFORMATION

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

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources	\$1,057,923	\$962,039	\$968,168	\$6,129
State sources	4,684,027	4,590,541	4,465,816	(124,725)
Federal sources	43,853	306,247	314,098	7,851
Interdistrict and other sources	341,245	423,553	437,330	13,777
<b>Total Revenues</b>	<b>6,127,048</b>	<b>6,282,380</b>	<b>6,185,412</b>	<b>(96,968)</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	3,426,642	3,459,003	3,354,192	104,811
Added needs	563,995	630,526	546,221	84,305
Support services:				
Pupil	256,133	259,855	254,821	5,034
Instructional staff	125,268	127,680	108,223	19,457
General administration	263,333	246,238	224,871	21,367
School administration	453,850	461,715	465,199	(3,484)
Business administration	126,451	110,392	82,441	27,951
Operation and maintenance	750,508	679,328	625,841	53,487
Pupil transportation	455,415	430,022	402,297	27,725
Central services	128,740	85,901	74,062	11,839
<b>Total Expenditures</b>	<b>6,550,335</b>	<b>6,490,660</b>	<b>6,138,168</b>	<b>352,492</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(423,287)</b>	<b>(208,280)</b>	<b>47,244</b>	<b>255,524</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	0	0	0	0
Operating transfer out	(113,842)	(142,685)	(124,938)	17,747
<b>Total Other Financing Sources (Uses)</b>	<b>(113,842)</b>	<b>(142,685)</b>	<b>(124,938)</b>	<b>17,747</b>
<b>Net Change in Fund Balances</b>	<b>(537,129)</b>	<b>(350,965)</b>	<b>(77,694)</b>	<b>273,271</b>
Fund Balances - Beginning of year	1,191,526	1,459,045	1,459,045	0
Fund Balances - End of year	<u>\$654,397</u>	<u>\$1,108,080</u>	<u>\$1,381,351</u>	<u>\$273,271</u>

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

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2009*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$924,939	\$923,318	(\$1,621)
Tuition	3,042	3,042	0
Earnings on investments	25,000	23,974	(1,026)
Contributions	6,438	5,710	(728)
Other revenue	2,620	12,124	9,504
Total Local Sources	962,039	968,168	6,129
<b>State Sources</b>			
Unrestricted grants:			
Proposal A obligation	2,959,656	2,941,023	(18,633)
Discretionary payment	1,291,380	1,212,721	(78,659)
Declining Enrollment	7,681	7,685	4
Restricted grants:			
Special education-Headlee obligation	239,549	239,549	0
At Risk	72,110	44,673	(27,437)
Durant settlement	11,377	11,377	0
Transfer from intermediate school district:			
Vocational education added costs	8,788	8,788	0
Total State Sources	4,590,541	4,465,816	(124,725)
<b>Federal Sources</b>			
Title I	65,611	27,316	(38,295)
Title II	41,476	7,998	(33,478)
ARRA	195,170	273,868	78,698
Transfer from intermediate school district:			
Tech Prep Education	2,579	2,371	(208)
Safe and Drug Free Schools	555	555	0
Homeless Students' Assistance	856	1,990	1,134
Total Federal Sources	306,247	314,098	7,851
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	195,849	195,849	0
Technology enhancement millage	178,633	192,941	14,308
Cooperative program	24,334	24,334	0
Insurance reimbursements	14,752	14,752	0
Other	3,050	2,748	(302)
Sale of fixed assets	6,935	6,706	(229)
Total Interdistrict and Other Sources	423,553	437,330	13,777
Total Revenues	\$6,282,380	\$6,185,412	(\$96,968)

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

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2009*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$767,315	\$363,793	\$38,685
Middle School	500,871	264,834	8,387
High School	837,706	408,058	26,914
	<u>2,105,892</u>	<u>1,036,685</u>	<u>73,986</u>
Added Needs:			
Special education	295,311	122,931	4,850
Compensatory education	37,476	9,084	0
Vocational education	41,914	21,499	1,211
	<u>374,701</u>	<u>153,514</u>	<u>6,061</u>
Total Instruction	2,480,593	1,190,199	80,047
<b>Support Services</b>			
Pupil:			
Guidance	108,302	46,044	260
Health	0	0	210
Speech	63,657	24,109	151
Other pupil services	6,888	1,743	0
	<u>178,847</u>	<u>71,896</u>	<u>621</u>
Instructional Staff:			
Improvement of instruction	0	0	6,182
Library	23,343	5,661	1,098
Technology assisted	16,069	4,728	750
	<u>39,412</u>	<u>10,389</u>	<u>8,030</u>
General Administration:			
Board of Education	5,700	443	36,203
Executive administration	134,952	36,979	4,096
	<u>140,652</u>	<u>37,422</u>	<u>40,299</u>
School Administration:			
Office of the principal	297,590	158,740	5,176
Other school administration	0	0	264
	<u>297,590</u>	<u>158,740</u>	<u>5,440</u>
Business Administration:			
Fiscal services	6,551	10,159	110
Other business services	0	0	7,767
	<u>6,551</u>	<u>10,159</u>	<u>7,877</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$53,258	\$4,886	\$0	\$1,227,937	\$1,287,298	\$59,361
13,933	8,645	345	797,015	829,327	32,312
45,556	9,301	1,705	1,329,240	1,342,378	13,138
<u>112,747</u>	<u>22,832</u>	<u>2,050</u>	<u>3,354,192</u>	<u>3,459,003</u>	<u>104,811</u>
2,518	0	0	425,610	430,954	5,344
0	0	0	46,560	126,317	79,757
9,427	0	0	74,051	73,255	(796)
<u>11,945</u>	<u>0</u>	<u>0</u>	<u>546,221</u>	<u>630,526</u>	<u>84,305</u>
124,692	22,832	2,050	3,900,413	4,089,529	189,116
173	0	0	154,779	159,538	4,759
279	0	0	489	1,300	811
399	0	0	88,316	88,975	659
0	0	2,606	11,237	10,042	(1,195)
<u>851</u>	<u>0</u>	<u>2,606</u>	<u>254,821</u>	<u>259,855</u>	<u>5,034</u>
96	0	1,593	7,871	9,462	1,591
2,692	1,560	0	34,354	44,552	10,198
20,126	8,073	16,252	65,998	73,666	7,668
<u>22,914</u>	<u>9,633</u>	<u>17,845</u>	<u>108,223</u>	<u>127,680</u>	<u>19,457</u>
376	0	4,182	46,904	51,369	4,465
982	0	958	177,967	194,869	16,902
<u>1,358</u>	<u>0</u>	<u>5,140</u>	<u>224,871</u>	<u>246,238</u>	<u>21,367</u>
1,577	0	1,280	464,363	460,715	(3,648)
572	0	0	836	1,000	164
<u>2,149</u>	<u>0</u>	<u>1,280</u>	<u>465,199</u>	<u>461,715</u>	<u>(3,484)</u>
1,422	0	47,985	66,227	70,531	4,304
0	0	8,447	16,214	39,861	23,647
<u>1,422</u>	<u>0</u>	<u>56,432</u>	<u>82,441</u>	<u>110,392</u>	<u>27,951</u>

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

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2009*

<b>(Concluded)</b>	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Support Services</b>			
Operation and maintenance	\$230,402	\$141,218	\$89,894
Pupil transportation	200,903	79,476	58,354
Central Services:			
Communication services	3,946	957	6,306
Staff services	0	35	5,379
Technology	29,097	10,623	7,384
	<u>33,043</u>	<u>11,615</u>	<u>19,069</u>
Total Support Services	<u>1,127,400</u>	<u>520,915</u>	<u>229,584</u>
Total Expenditures	3,607,993	1,711,114	309,631
<b>Other Financing Uses</b>			
Fund modifications:			
Operating transfer out:			
Transfer to Athletics	0	0	0
Transfer to Food Service	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures and Other Financing Uses	<u><u>\$3,607,993</u></u>	<u><u>\$1,711,114</u></u>	<u><u>\$309,631</u></u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$156,495	\$7,832	\$0	\$625,841	\$679,328	\$53,487
63,069		495	402,297	430,022	27,725
889	0	0	12,098	14,514	2,416
145	0	110	5,669	10,747	5,078
533	3,532	5,126	56,295	60,640	4,345
<u>1,567</u>	<u>3,532</u>	<u>5,236</u>	<u>74,062</u>	<u>85,901</u>	<u>11,839</u>
<u>249,825</u>	<u>20,997</u>	<u>89,034</u>	<u>2,237,755</u>	<u>2,401,131</u>	<u>163,376</u>
374,517	43,829	91,084	6,138,168	6,490,660	352,492
0	0	91,542	91,542	98,543	7,001
<u>0</u>	<u>0</u>	<u>33,396</u>	<u>33,396</u>	<u>44,142</u>	<u>10,746</u>
<u>0</u>	<u>0</u>	<u>124,938</u>	<u>124,938</u>	<u>142,685</u>	<u>17,747</u>
<u>\$374,517</u>	<u>\$43,829</u>	<u>\$216,022</u>	<u>\$6,263,106</u>	<u>\$6,633,345</u>	<u>\$370,239</u>

## OTHER SUPPLEMENTAL INFORMATION



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

*Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2009*

	<u>Special Revenue Funds</u>		<u>Debt Retirement Funds</u>		Total Nonmajor Governmental Funds
	<u>Athletics</u>	<u>Food Service</u>	2001 <u>School Bond</u>	<u>Durant</u>	
<b>Assets</b>					
Cash and cash equivalents	\$3,863	\$1,854	\$197,731	\$0	\$203,448
Accounts/taxes receivable	190	10,750	2,194	0	13,134
Due from other governmental units	0	1,194	0	0	1,194
Inventory	0	1,815	0	0	1,815
Prepaid expenses	275	600	0	0	875
 Total Assets	 <u>\$4,328</u>	 <u>\$16,213</u>	 <u>\$199,925</u>	 <u>\$0</u>	 <u>\$220,466</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$121	\$4,771	\$0	\$0	\$4,892
Salaries payable	210	0	0	0	210
Other liabilities	418	240	0	0	658
Due to other funds	3,579	11,202	377	0	15,158
 Total Liabilities	 4,328	 16,213	 377	 0	 20,918
<b>Fund Balances</b>					
Reserved for debt service	0	0	199,548	0	199,548
 Total Fund Balances	 0	 0	 199,548	 0	 199,548
 Total Liabilities and Fund Balances	 <u>\$4,328</u>	 <u>\$16,213</u>	 <u>\$199,925</u>	 <u>\$0</u>	 <u>\$220,466</u>

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

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2009*

	Special Revenue Funds		Debt Retirement Funds		Total Nonmajor Governmental Funds
	Athletics	Food Service	2001 School Bond	Durant	
<b>Revenues</b>					
Local sources	\$58,307	\$128,973	\$535,354	\$0	\$722,634
State sources	0	10,389	0	6,021	16,410
Federal sources	0	46,390	0	0	46,390
<b>Total Revenues</b>	<b>58,307</b>	<b>185,752</b>	<b>535,354</b>	<b>6,021</b>	<b>785,434</b>
<b>Expenditures</b>					
Athletics	149,849	0	0	0	149,849
Food service	0	219,148	0	0	219,148
Debt service	0	0	536,793	6,021	542,814
<b>Total Expenditures</b>	<b>149,849</b>	<b>219,148</b>	<b>536,793</b>	<b>6,021</b>	<b>911,811</b>
Excess (Deficiency) of Revenues Over Expenditures	(91,542)	(33,396)	(1,439)	0	(126,377)
<b>Other Financing Uses</b>					
Operating transfer in	91,542	33,396	0	0	124,938
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>(1,439)</b>	<b>0</b>	<b>(1,439)</b>
Fund Balances - Beginning of year	0	0	200,987	0	200,987
Fund Balances - End of year	<b>\$0</b>	<b>\$0</b>	<b>\$199,548</b>	<b>\$0</b>	<b>\$199,548</b>

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

*Athletics Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Admissions	\$28,700	\$26,463	\$26,463	\$0
Participation fees	35,800	28,750	30,250	1,500
Other	0	0	1,594	1,594
	<u>64,500</u>	<u>55,213</u>	<u>58,307</u>	<u>3,094</u>
Total Revenues				
<b>Expenditures</b>				
Salaries	83,622	87,233	86,633	600
Employee benefits	23,161	24,681	22,249	2,432
Purchases services	18,317	27,924	28,511	(587)
Supplies and materials	7,850	7,460	7,538	(78)
Other	5,050	6,458	4,918	1,540
	<u>138,000</u>	<u>153,756</u>	<u>149,849</u>	<u>3,907</u>
Total Expenditures				
Excess (Deficiency) of Revenue Over Expenditures	(73,500)	(98,543)	(91,542)	7,001
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	73,500	98,543	91,542	(7,001)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>				
Fund Balance - Beginning of year	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of year	\$0	\$0	\$0	\$0
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Food sales	\$137,121	\$126,171	\$125,244	(\$927)
Interest income	0	0	17	17
Other	2,811	2,676	3,712	1,036
Total Local Sources	139,932	128,847	128,973	126
State Sources:				
Restricted grants	10,108	9,799	10,389	590
Federal Sources:				
Restricted grants	39,699	38,699	39,612	913
Commodities	8,000	8,000	6,778	(1,222)
Total Federal Sources	47,699	46,699	46,390	(309)
Total Revenues	197,739	185,345	185,752	407
<b>Expenditures</b>				
Salaries	42,130	41,024	40,227	797
Employee benefits	26,474	25,728	25,424	304
Purchases services	56,163	61,579	53,492	8,087
Supplies and materials	102,558	100,443	98,701	1,742
Other	0	713	1,304	(591)
Total Expenditures	227,325	229,487	219,148	10,339
Excess (Deficiency) of Revenue Over Expenditures	(29,586)	(44,142)	(33,396)	10,746
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	29,586	44,142	33,396	(10,746)
<b>Net Change in Fund Balances</b>	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0

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

*2001 School Bond Debt Retirement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Property taxes	\$515,559	\$509,663	\$533,069	\$23,406
Investment income	1,000	2,000	2,285	285
Total Revenues	516,559	511,663	535,354	23,691
<b>Expenditures</b>				
Debt service:				
Principal	55,155	210,000	210,000	0
Interest and fiscal charges	321,386	325,604	325,604	0
Other	650	1,213	1,189	24
Total Expenditures	377,191	536,817	536,793	24
<b>Net Change in Fund Balances</b>	139,368	(25,154)	(1,439)	23,715
Fund Balance - Beginning of year	195,241	200,897	200,987	90
Fund Balance - End of year	\$334,609	\$175,743	\$199,548	\$23,805

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

*Durant Debt Retirement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2009*

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

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

*Student Activities Agency Fund  
Statement of Changes in Assets and Liabilities  
June 30, 2009*

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	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Assets</b>				
Cash	<u>\$107,388</u>	<u>\$133,964</u>	<u>\$137,691</u>	<u>\$103,661</u>
<b>Liabilities</b>				
Due to student groups	<u>\$107,388</u>	<u>\$133,964</u>	<u>\$137,691</u>	<u>\$103,661</u>

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

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2009*

	Due to (From) Student Groups July 1, 2008	Receipts	Disbursements	Due to (From) Student Groups June 30, 2009
Due to School District				
Athletic Officials	\$1,182	\$3,573	\$2,915	\$1,840
CATS	4,595	20	3,709	906
Elementary Activity	640	8,007	8,528	119
Employee Recognition	300	0	0	300
Families in Need Program	7	300	126	181
High School - Audio Visual	160	4,552	4,472	240
S.E. Work Experience	(2)	0	(2)	0
Senior Citizens	962	739	474	1,227
50th Anniversary	0	6,948	6,948	0
Interest	2,346	171	85	2,432
Kindergarten	433	489	516	406
First Grade	33	618	614	37
Second Grade	298	625	538	385
Third Grade	95	180	221	54
Fourth Grade	278	500	492	286
Fifth Grade	71	1,586	1,513	144
Graduated-carryover	1,428	0	(2,248)	3,676
Class of 2008	313	0	313	0
Class of 2009	1,525	3,852	5,019	358
Class of 2010	2,130	5,403	6,641	892
Class of 2011	213	1,845	1,315	743
Class of 2012	0	850	618	232
Varsity Baseball	71	3,700	3,704	67
Basketball - J.V.	4,535	4,213	5,053	3,695
Cheerleaders	277	1,342	1,411	208
Cross Country	1,516	2,275	3,377	414
Varsity Football	1,021	1,752	2,130	643
Hubbard Concessions	1,905	12,776	13,392	1,289
High School Girls Track	273	0	0	273
Basketball-Girls	595	1,283	1,865	13
Volleyball	2,200	4,076	4,522	1,754
Cheerleaders-MS	0	847	451	396
Binder Scholarship	3,524	0	500	3,024
Bischoff Scholarship	10,989	0	115	10,874
Lennard Scholarship	456	0	100	356
Olrich Scholarship	100	0	0	100
Seegert Scholarship	32,295	0	1,000	31,295
Van Hove Scholarship	1,765	0	100	1,665



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

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2009*

	Due to (From) Student Groups July 1, 2008	Receipts	Disbursements	Due to (From) Student Groups June 30, 2009
(Concluded)				
Whiteford Community Scholarship	\$540	\$0	\$0	\$540
WRC Scholarship	500	500	500	500
Liz Lykowski Scholarship	0	1,120	0	1,120
After Prom	564	0	564	0
Elementary Art	46	0	18	28
MS/HS Art	308	57	114	251
Band	9	271	280	0
Building Trades	2,923	220	108	3,035
Camp Fund	4,200	25,110	22,436	6,874
Challenge Day	3,713	1,864	1,301	4,276
Choir-All	83	0	0	83
Crafting For Literacy	895	1,067	650	1,312
Gifted and Talented	318	0	318	0
Honor Society	378	576	539	415
Horticulture Club	587	291	290	588
Elementary Journalism	509	1,988	105	2,392
High School Journalism	1,481	11,690	12,992	179
Middle School Journalism	68	1,986	1,552	502
Elementary Library	1,478	4,424	5,033	869
High School Library	3,370	341	233	3,478
Life Management	371	1,137	721	787
Elementary Physical Education	249	0	249	0
Physics Club	516	0	283	233
Put-in-Bay	2,865	2,608	2,649	2,824
MS Red Ribbon week	128	0	62	66
Solar Sprint	1,425	319	329	1,415
Spanish Club	200	0	0	200
Elementary Student Council	40	296	300	36
Student Council - High School	790	4,143	4,248	685
Student Council - Middle School	305	1,434	1,290	449
<b>Total Due to Student Groups</b>	<b>\$107,388</b>	<b>\$133,964</b>	<b>\$137,691</b>	<b>\$103,661</b>

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

*Summary of 2008 Tax Levy  
Year Ended June 30, 2009*

	Millage Rate	Taxable Value	Levy
<b>Whiteford Township</b>			
General Fund operating - non-homestead	18.0000	\$48,036,209	\$864,652
General Fund operating - commercial	6.0000	5,297,903	31,787
2001 Debt Retirement Fund	2.5500	199,566,652	508,885
2001 Debt Retirement Fund - IFT	1.2750	3,299,097	4,206
			<u>1,409,530</u>
<b>Summerfield Township</b>			
General Fund operating - non-homestead	18.0000	218,044	3,925
2001 Debt Retirement Fund	2.5500	1,732,743	4,418
			<u>8,343</u>
<b>Riga Township</b>			
General Fund operating - non-homestead	18.0000	661,523	11,907
General Fund operating - commercial	6.0000	57,600	378
2001 Debt Retirement Fund	2.5500	7,129,238	18,155
			<u>30,440</u>
Total			<u><u>\$1,448,313</u></u>
<b>Summary</b>			
General Fund operating - non-homestead		48,915,776	\$880,484
General Fund operating - commercial		5,355,503	32,165
2001 Debt Retirement Fund		208,428,633	531,458
2001 Debt Retirement Fund - IFT		3,299,097	4,206
			<u><u>\$1,448,313</u></u>

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

*Schedule of Technology Enhancement Millage  
Budget and Actual  
Year Ended June 30, 2009*

	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>			
Technology enhancement millage	\$178,633	\$192,941	\$14,308
Total Revenues	178,633	192,941	14,308
<b>Expenditures</b>			
Salaries	25,540	21,991	3,549
Fringe benefits	9,891	6,299	3,592
Purchase services	15,067	17,074	(2,007)
Supplies	44,735	41,427	3,308
Capital outlay	27,000	24,820	2,180
Other	15,000	16,252	(1,252)
Total Expenditures	137,233	127,863	9,370
<b>Net Change in Fund Balance</b>	41,400	65,078	23,678
Reserved for Technology Enhancement - Beginning of Year	201,104	201,104	0
Reserved for Technology Enhancement - End of Year	\$242,504	\$266,182	\$23,678

## FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009*

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	081530-0708	\$20,104
Title I	091530-0809	65,611
Title II Part A	080520-0708	20,410
Title II Part A	090520-0809	40,719
Title II Part D	094290-0809	757
Idea-SPSR	080440-0708	2,700
		<hr/>
		150,301
ARRA State fiscal stabilization fund	092525-0809	273,868
		<hr/>
Total Passed Through State Dept. of Education		424,169
Passed Through Intermediate School Districts:		
Tech Prep Education	093540-8014-25	2,579
Safe and Drug Free Schools	082860-0708	543
Safe and Drug Free Schools	092860-0809	555
		<hr/>
		1,098
Homeless Students' Assistance Grant	092320-0809	1,990
		<hr/>
Total Passed Through Intermediate School Districts		5,667
		<hr/>
Total U.S. Department of Education		429,836
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
National School Lunch Program		
081950 All Lunches	10.555	9,970
091950 All Lunches	10.555	9,276
081960 Free & Reduced	10.555	22,348
091960 Free & Reduced	10.555	21,097
		<hr/>
		62,691
081970 Breakfast	10.553	5,384
091970 Breakfast	10.553	4,847
		<hr/>
		10,231
		<hr/>
		72,922
U.S.D.A. Donated Commodities		
Entitlements	10.555	8,909
Bonus	10.555	738
		<hr/>
		9,647
		<hr/>
Total U.S. Department of Agriculture		82,569
		<hr/>
Total Federal Financial Assistance		\$512,405
		<hr/> <hr/>

See accompanying notes to this schedule

Accrued (Deferred) Revenue July 1, 2008	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2009
\$6,930	\$20,104	\$0	\$6,930	\$0
0	0	27,316	25,712	1,604
5,905	6,934	991	6,896	0
0	0	7,007	6,705	302
0	0	0	0	0
1,373	1,373	0	1,373	0
14,208	28,411	35,314	47,616	1,906
0	0	273,868	0	273,868
14,208	28,411	309,182	47,616	275,774
0	0	2,371	2,371	0
543	543	0	543	0
0	0	555	0	555
543	543	555	543	555
0	0	1,990	856	1,134
543	543	4,916	3,770	1,689
\$14,751	\$28,954	314,098	\$51,386	\$277,463
\$0	\$8,793	1,177	\$1,177	\$0
0	0	9,276	9,276	0
0	19,626	2,722	2,722	0
0	0	21,097	21,097	0
0	28,419	34,272	34,272	0
0	4,891	493	493	0
0	0	4,847	4,847	0
0	4,891	5,340	5,340	0
\$0	\$33,310	39,612	\$39,612	\$0
\$0	\$0	6,040	\$6,040	\$0
0	0	738	738	0
\$0	\$0	6,778	\$6,778	\$0
		46,390		
		\$360,488		

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

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009*

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SUMMARY OF AUDIT RESULTS:

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



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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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,

November 3, 2009





COOLEY HEHL  
WOHLGAMUTH & CARLTON  
P. L. L. C. Certified Public Accountants

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November 3, 2009

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 16, 2009. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whiteford Agricultural Schools are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

To the Board of Directors  
Whiteford Agricultural Schools

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*Qualitative Aspects of Accounting Practices (concluded)*

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

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

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 3, 2009.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

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

Very truly yours,

*Cadey Hebe Wohlgenuth & Carlton*