

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

ANNUAL FINANCIAL REPORT  
June 30, 2016

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

*School Board Members  
June 30, 2016*

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<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Holly Bunge	President	12/31/2016
Rob Schnipke	Vice-President	12/31/2016
Tracy Malhoit	Secretary	12/31/2016
Christine Bischoff	Treasurer	12/31/2018
Doug Bulmer	Trustee	12/31/2018
David Dixon	Trustee	12/31/2018
Karen Miller	Trustee	12/31/2016

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

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June 30, 2016*

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**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
IN THE COUNTIES OF MONROE AND LENA WEE, 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, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 6 through 13, 40 through 45, and 46 through 48, respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other information***

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2016, on our consideration of the Whiteford Agricultural School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whiteford Agricultural School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cooley Hill Wohlgamuth & Carlton".

October 5, 2016



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

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 5, 2016.

**Internal Control Over Financial Reporting**

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

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

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



### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Cooley Heck Wohlgenuth & Carlton".

October 5, 2016

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

*Management's Discussion and Analysis  
Year Ended June 30, 2016*

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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, 2016. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects Fund.

**Using this Annual Report**

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

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

Basic Financial Statements

*District-Wide Financial Statements      Fund Financial Statements*

*Notes to the Basic Financial Statements*

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

*Other Supplemental Information*

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

*Management's Discussion and Analysis  
Year Ended June 30, 2016*

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**District-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities (pages 14-15), which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Fund Financial Statements**

The School District's Fund Financial Statements (pages 16-20) provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

**Governmental funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 17 and 19.

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

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

*Management's Discussion and Analysis  
Year Ended June 30, 2016*

**District-Wide Financial Analysis**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2016 and 2015.

**Table 1**

**Comparative Statement of Net Position**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current and other assets	\$3,044,943	\$2,601,897
Capital assets, net	<u>6,640,638</u>	<u>6,642,529</u>
<b>Total Assets</b>	<u>9,685,581</u>	<u>9,244,426</u>
<b>Deferred Outflows of Resources</b>	894,407	773,556
Current and other liabilities	1,429,653	1,306,650
Long-term liabilities	<u>12,512,202</u>	<u>12,295,972</u>
<b>Total Liabilities</b>	<u>13,941,855</u>	<u>13,602,622</u>
<b>Deferred Inflows of Resources</b>	591,598	1,265,092
<b>Net Position</b>		
Investment in capital assets	1,358,884	950,078
Restricted for technology enhancement	114,076	51,229
Restricted for debt service	107,670	129,110
Restricted for food service	145	0
Restricted for capital outlay	210,435	174,287
Unrestricted	<u>(5,744,675)</u>	<u>(6,154,436)</u>
<b>Total Net Position</b>	<u><u>(\$3,953,465)</u></u>	<u><u>(\$4,849,732)</u></u>

As depicted in Table 1, the School District's net position was a deficit of \$3,953,465 at June 30, 2016. Of this amount, a negative \$5,744,675 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension liability will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2016 and 2015.

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

*Management's Discussion and Analysis  
Year Ended June 30, 2016*

**District-Wide Financial Analysis - Concluded**

**Table 2**

**Comparative Statement of Changes in Net Position**

	June 30, 2016	June 30, 2015
<b>Revenues</b>		
Program revenues:		
Charges for services	\$184,217	\$195,547
State grants and other revenue	810,520	666,507
Federal grants	129,973	126,840
	1,124,710	988,894
General revenues:		
Property taxes	1,735,086	1,783,189
State foundation allowance	4,130,634	4,071,681
Other general revenues	141,615	72,868
	6,007,335	5,927,738
Total Revenues	7,132,045	6,916,632
 <b>Functions/Program Expenses</b>		
Instruction	3,451,693	3,227,717
Support services	2,145,247	2,086,931
Food service	178,797	177,863
Interest on long-term debt	246,577	352,175
Depreciation	213,464	199,531
	6,235,778	6,044,217
Total Expenses	6,235,778	6,044,217
 <b>Increase (Decrease) in Net Position</b>	<b>\$896,267</b>	<b>\$872,415</b>

As indicated in Table 2, the cost of *all governmental* activities this year was \$6,235,778. Of this amount, \$1,124,710 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net position this year of \$896,267. Revenues increased by \$215,413; there was a increase of total expenses of \$191,561. A reconciliation of the change in fund balances to the change in net position appears on page 19.

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

*Management's Discussion and Analysis  
Year Ended June 30, 2016*

**Fund Financial Analysis**

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,007,857, which is an increase of \$323,058 from last year. The changes by each fund are as follows:

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Food Service Fund</u>	<u>Debt Retirement Fund</u>	<u>Total</u>
<b>Fund balances- beginning of year</b>	\$1,336,850	\$174,287	\$0	\$173,662	\$1,684,799
Increase (decrease)	<u>320,190</u>	<u>36,148</u>	<u>145</u>	<u>(33,425)</u>	<u>323,058</u>
<b>Fund balances- End of year</b>	<u>\$1,657,040</u>	<u>\$210,435</u>	<u>\$145</u>	<u>\$140,237</u>	<u>\$2,007,857</u>

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percent Change</u>
<b>Revenues</b>			
Local sources	\$908,594	\$861,116	5.5 %
State sources	4,783,806	4,592,992	4.2 %
Federal sources	64,968	61,531	5.6 %
Interdistrict and other sources	<u>354,222</u>	<u>355,364</u>	(0.3)%
	<u>\$6,111,590</u>	<u>\$5,871,003</u>	4.1 %

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

*Management's Discussion and Analysis  
Year Ended June 30, 2016*

**Fund Financial Analysis – Concluded**

<b>Expenditures</b>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percent Change</u>
Instruction	\$3,557,684	\$3,449,678	3.1 %
Support services	2,061,909	1,998,466	3.1 %
Athletics	171,807	151,255	13.6 %
Operating transfers out	<u>0</u>	<u>5,558</u>	(100.0)%
	<u><u>\$5,791,400</u></u>	<u><u>\$5,604,957</u></u>	3.3 %

**General Fund Budgetary Highlights**

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

**Beginning Budget versus Ending Budget**

**Revenues** – The original budget for revenues was \$5,760,079 versus the final budget of \$6,125,324, an increase of \$365,245. Major components of the original budget for revenues versus final projections are discussed below:

- Decrease of \$16,336 for property taxes
- Increase of \$16,250 for donations
- Increase of \$118,727 in the foundation allowance due to adjustments to pupil count and foundation. Budgeted FTE's were 661.46 and actual FTE's were 680.33. Prior year adjustments totaled \$5,900. Budgeted foundation was \$7,391 per pupil, which was actual.
- Adjustment of \$23,702 for an increase in Title I & II allocation and prior year carryover
- Adjustment of \$14,491 for an increase in At Risk allocation and At Risk carryover
- Addition of \$17,861 for various state and local grants made available during the year.
- Adjustment to allocation of \$11,802 for Vocational Ed fund for CTE program.
- An increase of \$22,185 for Technology Millage funds
- An increase of \$7,922 for Technology Readiness Infrastructure Grant funds
- Increase of \$99,554 for MPSERS revenues (147a \$38,219 and 147c \$61,335)
- Increase of \$4,536 for athletic admission, \$5,685 for pay to participate fees, and \$13,035 for donations.

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

*Management's Discussion and Analysis  
Year Ended June 30, 2016*

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**Beginning Budget versus Ending Budget (Concluded)**

**Expenditures** – The original budget for expenditures was \$5,749,679 compared to the final budget of \$6,042,374; an increase of \$292,695. Major components of the original budget for expenditures versus final projections are discussed below:

- Increase to expenditure budgets of \$38,193 for At Risk, Title I, and Title II allocations and carryover adjustments.
- Increase to expenditure budgets of \$17,861 for various state and local grants received during the year.
- Increase to budget of \$16,683 for special education LRE paraprofessional salary and benefits.
- Increase to budget of \$28,051 for changes to salary and benefits for staffing of vocational ed program.
- Increase to budget of \$61,335 for offsetting entry for 147c MPERS funds received.
- Increase of \$8,100 for purchase of radio repeater; increase of \$6,100 for contracted repairs needed for buses.
- Increase of \$20,459 for staff personnel services for district negotiations, job postings, etc.
- Increase of \$86,000 for the portion of the athletic press box construction that will be covered with future donations and expended in the General Fund.
- Decrease of \$5,765 for the transfer to the Food Service Fund.

**Final Budget versus Actual Figures**

**Revenues** – General Fund actual revenue was \$6,111,590 versus a budget of \$6,125,324; a difference of \$13,734.

- A variance of \$25,066 included prior year adjustments to property taxes and foundation, as well as a correction to property tax values with the offsetting correction to state aid.
- The fiscal year 2016, At Risk revenue was budgeted in full at \$62,110; \$39,179 was utilized leaving carryover of \$22,931.
- Total allocation for the current year Title I and Title II revenue was budgeted at \$75,732, but only \$61,717 was recognized; a difference of \$12,015.

**Expenditures** – Final budget for expenditures was \$6,042,374 compared to actual expenditures of \$5,791,400, a difference of \$250,974. This difference is mainly attributed to the following:

- At Risk and Title II grant funds of \$34,946 were budgeted and were not spent; will become carryover for FY 17.
- Salary and benefit accounts throughout the general fund budget were \$29,636 less than budgeted.
- District professional development costs were \$11,608 less than budgeted; amounts to be carried over to FY 17.
- \$52,000 budgeted for special projects in the Operations and Maintenance budget was not spent and will become carryover in FY 17.
- Due to the timing of the press box construction in conjunction to year end, there was no expense recorded for the portion of the athletic press box construction that will be covered with future donations and expended in the general fund. \$86,000 was budgeted.
- The Food Service Fund was positive at year end. A transfer of \$10,227 was not needed.



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

*Management's Discussion and Analysis  
Year Ended June 30, 2016*

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**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2016, the School District had \$11,310,605 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, machinery and equipment. This amount includes additions of \$245,323 in capital assets. This year's additions consisted of finalization of the middle/high school carpet replacement project, purchase of a basketball scoreboard, as well as construction in progress for HVAC, football lighting, and football press box. Depreciation for this year totaled \$213,464. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

**Debt**

At June 30, 2016, the School District had \$4,885,000 in outstanding bonds. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations of \$157,589 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 2016-17 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2016-17 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 2016 fiscal year is 90 percent of the October student count and 10 percent of the current fiscal year's February's count. The District projected a blended pupil count of 675.29 students, which is approximately 5 FTE's less than the previous year's actual figure. Approximately 83% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included \$120 per student increase to the new minimum foundation of \$7,511 per pupil.

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

The budget for the 2016-17 fiscal year was adopted on June 13, 2016. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

**Contacting Whiteford Schools Business Office**

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

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

*Statement of Net Position  
June 30, 2016*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$2,086,172
Accounts/taxes receivable	75,855
Due from student groups	271
Due from other governmental units	872,045
Deposit	5,050
Inventories	2,444
Prepaid expenses	3,106
Capital assets, net	<u>6,640,638</u>
Total Assets	<u>9,685,581</u>
<b>Deferred Outflows of Resources</b>	
Deferred amount of pension expense	<u>894,407</u>
<b>Liabilities</b>	
Accounts payable	253,622
Salaries payable	329,508
Other liabilities	195,088
Accrued interest payable	32,567
State aid note payable	60,000
Due to other governmental units	84,210
Unearned revenue	114,658
Long-term liabilities:	
Net pension liability	7,829,613
Due within one year	360,000
Due in more than one year	4,682,589
Total Liabilities	<u>13,941,855</u>
<b>Deferred Inflows of Resources</b>	
Deferred amount of net pension liability	194,844
Unamortized premium/unamortized advanced amount on refunding	<u>396,754</u>
Total Deferred Inflows of Resources	<u>591,598</u>
<b>Net Position</b>	
Net investment in capital assets	1,358,884
Restricted for technology enhancement	114,076
Restricted for debt service	107,670
Restricted for food service	145
Restricted for capital outlay	210,435
Unrestricted	<u>(5,744,675)</u>
Total Net Position	<u><u>(\$3,953,465)</u></u>

See accompanying notes to the basic financial statements



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

*Governmental Funds  
Balance Sheet  
June 30, 2016*

	Capital Projects		Other Nonmajor Governmental Funds	Totals
	General	Fund Sinking		
<b>Assets</b>				
Cash and cash equivalents	\$1,593,281	\$302,345	\$190,546	\$2,086,172
Accounts/taxes receivable	75,855	0	0	75,855
Due from student groups	271	0	0	271
Due from other governmental units	870,746	0	1,299	872,045
Due from other funds	50,888	15,018	0	65,906
Deposit	5,050	0	0	5,050
Inventory	0	0	2,444	2,444
Prepaid expenditures	2,504	0	602	3,106
<b>Total Assets</b>	<b>\$2,598,595</b>	<b>\$317,363</b>	<b>\$194,891</b>	<b>\$3,110,849</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$146,317	\$106,928	\$377	\$253,622
Salaries payable	329,508	0	0	329,508
Other liabilities	195,088	0	0	195,088
State aid note payable	60,000	0	0	60,000
Unearned revenue	111,414	0	3,244	114,658
Due to other governmental units	84,210	0	0	84,210
Due to other funds	15,018	0	50,888	65,906
<b>Total Liabilities</b>	<b>941,555</b>	<b>106,928</b>	<b>54,509</b>	<b>1,102,992</b>
<b>Fund Balances</b>				
Nonspendable:				
Prepaid expenditures	2,504	0	0	2,504
Restricted for:				
Technology enhancement	114,076	0	0	114,076
Food service	0	0	145	145
2015 School bond debt retirement	0	0	140,237	140,237
Capital outlay	0	210,435	0	210,435
Assigned for:				
Special projects	52,000	0	0	52,000
Pressbox	14,750	0	0	14,750
Unassigned	1,473,710	0	0	1,473,710
<b>Total Fund Balances</b>	<b>1,657,040</b>	<b>210,435</b>	<b>140,382</b>	<b>2,007,857</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,598,595</b>	<b>\$317,363</b>	<b>\$194,891</b>	<b>\$3,110,849</b>

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 Position  
Year Ended June 30, 2016*

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<b>Total Fund Balances - Governmental Funds</b>		<b>\$2,007,857</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$11,310,605	
Accumulated depreciation	<u>(4,669,967)</u>	
		6,640,638
Deferred outflows of resources from subsequent pension expense from measurement date		894,407
Deferred inflows of resources resulting from net pension liability		(194,844)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability	(7,829,613)	
Bonds payable	(4,885,000)	
Compensated absences	(157,589)	
Accrued interest	(32,567)	
Premium amortized over the life of the bonds	(512,650)	
Advanced amount on refunding amortized over the life of the bonds	<u>115,896</u>	
		<u>(13,301,523)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u><u>(\$3,953,465)</u></u></b>

See accompanying notes to the basic financial statements

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

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2016*

	Capital Projects Fund		Other Nonmajor Governmental Funds	Totals
	General	Sinking		
<b>Revenues</b>				
Local sources	\$908,594	\$204,085	\$658,163	\$1,770,842
State sources	4,783,806	0	8,314	4,792,120
Federal sources	64,968	0	65,005	129,973
Interdistrict and other sources	354,222	0	0	354,222
<b>Total Revenues</b>	<b>6,111,590</b>	<b>204,085</b>	<b>731,482</b>	<b>7,047,157</b>
<b>Expenditures</b>				
Instruction	3,557,684	0	0	3,557,684
Support services	2,061,909	0	180,391	2,242,300
Capital outlay	0	167,937	0	167,937
Debt service	0	0	584,371	584,371
Athletics	171,807	0	0	171,807
<b>Total Expenditures</b>	<b>5,791,400</b>	<b>167,937</b>	<b>764,762</b>	<b>6,724,099</b>
<b>Net Change in Fund Balances</b>	<b>320,190</b>	<b>36,148</b>	<b>(33,280)</b>	<b>323,058</b>
Fund Balances - Beginning of year	1,336,850	174,287	173,662	1,684,799
Fund Balances - End of year	<u>\$1,657,040</u>	<u>\$210,435</u>	<u>\$140,382</u>	<u>\$2,007,857</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, 2016*

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$323,058</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>	
Depreciation expense	(\$213,464)
Capital outlay	211,573
	(1,891)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position</p>	
	345,000
<p>The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>	
Net change in pension liability	(569,202)
Net change in the deferred inflow of resources related to the net pension liability	607,797
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	120,851
<p>Governmental funds report the advanced amount on refunding, and the bond premium when debt is first issued, but these costs increase long-term liabilities in the statement of net position and these amounts are amortized over the life of the bonds</p>	
	65,697
<p>Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid</p>	
	11,985
<p>Increases in the liability for compensated absences are reported as expenditures in the statement of activities, but not in the governmental funds</p>	
	(7,028)
<b>Change in Net Position of Governmental Activities</b>	<b>\$896,267</b>

See accompanying notes to the basic financial statements

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

*Fiduciary Fund  
Statement of Fiduciary Net Position  
June 30, 2016*

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	<u>Agency Fund</u>
	<u>Student Activities</u>
<b>Assets</b>	
Cash and certificates of deposit	<u>\$113,486</u>
<b>Liabilities</b>	
Due to student groups	\$113,214
Due to general fund	272
Total Liabilities	<u>\$113,486</u>

See accompanying notes to the basic financial statements



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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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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, sinking, and student related activities of the School District.

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

**Note 2**      Summary of Significant Accounting Policies

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

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

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

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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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 funds:

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

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

The School District reports the following nonmajor governmental funds:

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

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

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

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

Note 2      Summary of Significant Accounting Policies (Continued)

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

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

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

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

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

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

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

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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Note 2

Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Unavailable/Unearned Revenue

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

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

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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Note 2      Summary of Significant Accounting Policies (Continued)

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

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

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

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

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, information about the fiduciary net position of the Michigan Public Schools Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (included refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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Note 2

Summary of Significant Accounting Policies (Concluded)

- 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 2016.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

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

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

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

- G. Restricted Assets - The cash and investments for technology enhancement, debt service, and capital outlay are restricted for specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent cash that can only be used for which the revenue was received.
- H. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2016 through October 5, 2016, the date the financial statements were available to be issued.

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.

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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Note 3      Stewardship, Accountability and Compliance (Concluded)

During the year ended June 30, 2016, the School District incurred expenditures in a budgetary function which was in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted.

Note 4      Deposits and Investments

As of June 30, 2016, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Huntington Bank, and Flagstar.

- A. *Interest rate risk* - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.
- B. *Credit risk* - The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.
- C. *Concentration of credit risk* - The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.
- D. *Custodial credit risk - deposits* - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$2,202,168 invested in checking accounts and money market accounts. The School District's deposits are insured by the FDIC in the amount of \$766,125. Uninsured deposits are \$1,436,043.
- 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.
- 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 LENA WEE, MICHIGAN**

*Notes to Financial Statements  
Year Ended June 30, 2016*

Note 5      Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Construction in progress	37,750	106,796	33,750	110,796
	59,663	106,796	33,750	132,709
Capital assets being depreciated:				
Land improvements	416,181	0	0	416,181
Buildings and building improvements	10,036,459	125,492	0	10,161,951
Machinery and equipment	274,013	13,035	0	287,048
Vehicles	312,716	0	0	312,716
	11,039,369	138,527	0	11,177,896
 Total capital assets	 11,099,032	 245,323	 33,750	 11,310,605
Less Accumulated Depreciation:				
Land improvements	(253,646)	(20,265)	0	(273,911)
Buildings and building improvements	(3,751,047)	(176,076)	0	(3,927,123)
Machinery and equipment	(148,199)	(8,329)	0	(156,528)
Vehicles	(303,611)	(8,794)	0	(312,405)
 Total accumulated depreciation	 (4,456,503)	 (213,464)	 0	 (4,669,967)
 Net capital assets	 \$6,642,529	 \$31,859	 \$33,750	 \$6,640,638

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



**WHITEFORD AGRICULTURAL SCHOOL DISTRICT  
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*Notes to Financial Statements  
Year Ended June 30, 2016*

**Note 6**     Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2016, consisted of the following individual fund receivables and payables:

Due From	Due To		Totals
	General Fund	Sinking Fund	
General Fund	\$0	\$15,018	\$15,018
Food Service Fund	50,888	0	50,888
	\$50,888	\$15,018	\$65,906

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

There were no interfund transfers during the 2016 fiscal year.

**Note 7**     Defined Benefit Pension Plans and Postemployment Benefits

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

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

The System's financial statements are available at [www.michigan.gov/mpsers-cafr](http://www.michigan.gov/mpsers-cafr).

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

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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

Contributions and Funded Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2015 valuation will be amortized over a 21 year period for the 2015 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	22.52 - 23.07%
Member Investment Plan	3.0 - 7.0	22.52 - 23.07
Pension Plus	3.0 - 6.4	21.99
Defined Contribution	0.0	17.72 - 18.76

Required contributions to the pension plan from the District were \$618,396 for the year ended September 30, 2015.

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

Pension Liabilities - At June 30, 2016, the School District reported a liability of \$7,829,613 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2014. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2015, the School District's proportion was 0.03206 percent, which was a decrease of 0.00009 percent from its proportion measured as of September 30, 2014.

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

Note 7      **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**  
**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended June 30, 2016, the School District recognized pension expense of \$616,426. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	\$0	\$25,934
Changes of assumptions	192,782	0
Net differences between projected and actual earnings on pension plan investments	39,964	0
Changes in proportion and differences between school district contributions and proportionate share of contributions	420	168,910
School district's contributions subsequent to the measurement date	661,241	0
	\$894,407	\$194,844

Deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date were \$661,241 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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

Year ended September 30,	Amount
2016	(\$23,373)
2017	(23,373)
2018	(33,826)
2019	118,894

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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

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

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2014
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.5%
Investment Rate of Return:	
- MIP and Basic Plans (Non-Hybrid):	8.0%
- Pension Plus Plan (Hybrid):	7.0%
Projected Salary Increases:	3.5 – 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

**Notes:**

- Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2015, is based on the results of an actuarial valuation date of September 30, 2014, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.7158
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2015 MPSERS Comprehensive Annual Financial Report ([www.michigan.gov/mpsers-cafr](http://www.michigan.gov/mpsers-cafr)).

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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

The long-term expected rate of return on plan assets - The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.00%	5.90%
%Alternate Investment Pools	18.00	9.20
International Equity	16.00	7.20
Fixed Income Pools	10.50	0.90
Real Estate and Infrastructure Pools	10.00	4.30
Absolute Return Pools	15.50	6.00
Short Term Investment Pools	2.00	0.00
	<u>100.00</u>	

\* Long term rate of return does not include 2.10% inflation

Discount rate - A discount rate of 8.0% was used to measure the total pension liability (7.0% for Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 8.0% (7.0% for the hybrid plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

<u>1% Lower (Non-Hybrid/Hybrid) (7.0% / 6.0%)</u>	<u>Discount Rate (Non-Hybrid/Hybrid) (8.0% / 7.0%)</u>	<u>1% Higher (Non-Hybrid/Hybrid) (9.0% / 8.0%)</u>
<u>\$10,094,379</u>	<u>\$7,829,613</u>	<u>\$5,920,323</u>

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR. See the 2015 MPSERS CAFR, available here: [http://michigan.gov/documents/orsschools/MPSERS\\_CAFR\\_2015\\_Final\\_510211\\_7.pdf](http://michigan.gov/documents/orsschools/MPSERS_CAFR_2015_Final_510211_7.pdf).

**Benefit Provisions - Other Postemployment**

***Introduction***

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

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

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

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

**Employer Contributions** - The District postemployment healthcare contributions to MPSERS for the year ended June 30, 2016 were \$163,080.

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

**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 3, 2011, at 0.9866 mill for an additional five years, 2012 to 2016. The intermediate school district will distribute the tax collections to the local school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

**Note 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, 2016.

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, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
State aid anticipation note	\$ <u>125,000</u>	\$ <u>300,000</u>	\$ <u>365,000</u>	\$ <u>60,000</u>

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:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2016</u>	<u>Due in One Year</u>
2015 Refunding Bonds	\$5,230,000	\$0	\$345,000	\$4,885,000	\$360,000
Compensated absences payable	150,561	7,028	0	157,589	0
	<u>\$5,380,561</u>	<u>\$7,028</u>	<u>\$345,000</u>	<u>\$5,042,589</u>	<u>\$360,000</u>

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

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

Note 10    **Long-Term Debt (Continued)**

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

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

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

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

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

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

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond</u>	<u>Total</u>
	<u>November 1</u>	<u>May 1</u>	<u>Maturities</u> <u>May 1</u>	
2017	\$97,700	\$97,700	\$360,000	\$555,400
2018	90,500	90,500	375,000	556,000
2019	83,000	83,000	390,000	556,000
2020	75,200	75,200	405,000	555,400
2021	67,100	67,100	425,000	559,200
2022	58,600	58,600	440,000	557,200
2023	49,800	49,800	460,000	559,600
2024	40,600	40,600	480,000	561,200
2025	31,000	31,000	495,000	557,000
2026	21,100	21,100	515,000	557,200
2027	10,800	10,800	540,000	561,600
	<u>\$625,400</u>	<u>\$625,400</u>	<u>\$4,885,000</u>	<u>\$6,135,800</u>

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u> <u>Requirements</u>
2017	\$195,400	\$360,000	\$555,400
2018	181,000	375,000	556,000
2019	166,000	390,000	556,000
2020	150,400	405,000	555,400
2021	134,200	425,000	559,200
2022-2026	402,200	2,390,000	2,792,200
2027	21,600	540,000	561,600
	<u>\$1,250,800</u>	<u>\$4,885,000</u>	<u>\$6,135,800</u>



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

*Notes to Financial Statements  
Year Ended June 30, 2016*

**Note 11**    Lease Commitments - Operating Leases

The School District has, as of June 30, 2016, contractual agreements specifying the following annual lease payment obligations:

Fiscal Year	Amount
2017	\$20,897
2018	20,897
2019	11,107
2020	11,107
	\$64,008

**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 2015 property taxes were levied on December 1, 2015 on assessed valuations as of December 31, 2014. Taxes were collected beginning December 1, 2015 and payments were due by February 14, 2016. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2015 property tax levy:

	Taxable Value	Mills Levied	Taxes Levied
<b>General Fund:</b>			
Non-Homestead	\$41,575,720	18.00	\$748,363
Commercial	6,364,216	6.00	38,185
<b>2015 Debt Retirement Fund:</b>			
Regular	203,631,157	2.70	549,804
IFT	1,336,617	1.35	1,804
<b>Sinking Fund:</b>			
Regular	203,631,157	1.00	203,631
IFT	1,336,617	0.50	668
Total			\$1,542,455

**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, 2016, the School District did not incur any claims.

**Note 14**    Cafeteria Contract

During the fiscal year ended June 30, 2016, the School District contracted with The Nutrition Group to cover all cafeterias within the School District. Pursuant to this agreement, The Nutrition Group manages the food service operations of the School District. All costs of The Nutrition Group have been reflected in the financial statements of the Food Service Fund.

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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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 are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2016.

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     Sinking Fund

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

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

*Notes to Financial Statements  
Year Ended June 30, 2016*

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Note 19    Upcoming Accounting Pronouncement

Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued by the GASB in June 2016 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

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

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2016*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources	\$860,701	\$897,584	\$908,594	\$11,010
State sources	4,526,598	4,795,786	4,783,806	(11,980)
Federal sources	53,780	77,732	64,968	(12,764)
Interdistrict and other sources	319,000	354,222	354,222	0
Total Revenues	5,760,079	6,125,324	6,111,590	(13,734)
<b>Expenditures</b>				
Instruction:				
Basic programs	3,112,033	3,138,017	3,133,459	4,558
Added needs	425,004	454,741	424,225	30,516
Support services:				
Pupil	273,249	300,680	292,153	8,527
Instructional staff	128,011	159,701	143,253	16,448
General administration	259,391	274,584	270,142	4,442
School administration	413,124	427,099	418,373	8,726
Business administration	99,104	90,180	87,418	2,762
Operation and maintenance	503,204	493,965	441,153	52,812
Pupil transportation	309,475	328,676	322,615	6,061
Central services	62,531	97,185	86,802	10,383
Athletics	148,561	181,319	171,807	9,512
Facilities Improvements	0	86,000	0	86,000
Total Expenditures	5,733,687	6,032,147	5,791,400	240,747
Excess (Deficiency) of Revenues Over Expenditures	26,392	93,177	320,190	227,013
<b>Other Financing Uses</b>				
Operating transfer out	(15,992)	(10,227)	0	10,227
<b>Net Change in Fund Balances</b>	10,400	82,950	320,190	237,240
Fund Balances - Beginning of year	1,253,353	1,336,850	1,336,850	0
Fund Balances - End of year	\$1,263,753	\$1,419,800	\$1,657,040	\$237,240

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

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2016*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Local Sources</b>			
Property taxes	\$783,540	\$798,158	\$14,618
Investment income	1,750	1,841	91
Contributions	16,600	15,961	(639)
Athletics	82,394	83,864	1,470
Other revenue	13,300	8,770	(4,530)
Total Local Sources	<u>897,584</u>	<u>908,594</u>	<u>11,010</u>
<b>State Sources</b>			
Unrestricted grants:			
Proposal A obligation	2,750,502	2,760,863	10,361
Discretionary payment	1,369,698	1,369,770	72
Foundation equity payment	0	1	1
Restricted grants:			
Special education-Headlee obligation	159,374	159,374	0
At risk	114,491	91,503	(22,988)
MPSERS rate offset	347,505	347,505	0
Other state grants	31,831	31,892	61
Transfer from intermediate school district:			
Vocational education	22,385	22,898	513
Total State Sources	<u>4,795,786</u>	<u>4,783,806</u>	<u>(11,980)</u>
<b>Federal Sources</b>			
Title I	44,159	40,216	(3,943)
Title IIA	31,573	23,501	(8,072)
Medicaid outreach grant	2,000	1,251	(749)
Total Federal Sources	<u>77,732</u>	<u>64,968</u>	<u>(12,764)</u>
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	149,034	149,034	0
Technology enhancement millage	182,185	182,185	0
Cooperative program	10,945	10,945	0
Insurance reimbursements	12,058	12,058	0
Total Interdistrict and Other Sources	<u>354,222</u>	<u>354,222</u>	<u>0</u>
 Total Revenues	 <u>\$6,125,324</u>	 <u>\$6,111,590</u>	 <u>(\$13,734)</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, 2016*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$733,400	\$494,872	\$24,350
Middle School	394,016	265,237	4,764
High School	623,887	435,821	41,735
Summer School	2,401	781	0
	1,753,704	1,196,711	70,849
Added Needs:			
Special education	153,141	81,678	36,748
Compensatory education	45,805	18,738	0
Vocational education	35,424	30,705	6,517
	234,370	131,121	43,265
Total Instruction	1,988,074	1,327,832	114,114
<b>Support Services</b>			
Pupil:			
Guidance	101,658	55,560	101
Health	0	0	300
Speech	64,635	46,742	0
Social work services	0	0	0
Other pupil services	7,968	3,571	3,839
	174,261	105,873	4,240
Instructional Staff:			
Improvement of instruction	20,108	6,736	19,391
Library	14,900	6,441	1,198
Technology assisted	21,457	12,542	8,846
	56,465	25,719	29,435
General Administration:			
Board of Education	2,340	176	38,900
Executive administration	140,051	79,438	3,039
	142,391	79,614	41,939
School Administration:			
Office of the principal	238,328	171,677	2,796
Other school administration	0	0	0
	238,328	171,677	2,796
Business Administration:			
Fiscal services	7,488	3,195	74
Internal services	0	0	203
Other business services	0	0	4,800
	7,488	3,195	5,077

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$18,620	\$9,103	\$0	\$1,280,345	\$1,285,837	\$5,492
4,868	4,113	455	673,453	676,853	3,400
14,730	4,113	56,193	1,176,479	1,171,724	(4,755)
0	0	0	3,182	3,603	421
<u>38,218</u>	<u>17,329</u>	<u>56,648</u>	<u>3,133,459</u>	<u>3,138,017</u>	<u>4,558</u>
1,342	537	0	273,446	279,770	6,324
0	0	0	64,543	86,578	22,035
13,565	0	25	86,236	88,393	2,157
<u>14,907</u>	<u>537</u>	<u>25</u>	<u>424,225</u>	<u>454,741</u>	<u>30,516</u>
53,125	17,866	56,673	3,557,684	3,592,758	35,074
3,940	0	0	161,259	168,153	6,894
417	0	0	717	810	93
0	259	0	111,636	112,059	423
0	0	3,163	3,163	3,200	37
0	0	0	15,378	16,458	1,080
<u>4,357</u>	<u>259</u>	<u>3,163</u>	<u>292,153</u>	<u>300,680</u>	<u>8,527</u>
701	533	0	47,469	61,347	13,878
1,212	0	0	23,751	24,486	735
139	7,369	21,680	72,033	73,868	1,835
<u>2,052</u>	<u>7,902</u>	<u>21,680</u>	<u>143,253</u>	<u>159,701</u>	<u>16,448</u>
262	0	3,054	44,732	45,537	805
814	1,418	650	225,410	229,047	3,637
<u>1,076</u>	<u>1,418</u>	<u>3,704</u>	<u>270,142</u>	<u>274,584</u>	<u>4,442</u>
3,012	855	885	417,553	426,174	8,621
820	0	0	820	925	105
<u>3,832</u>	<u>855</u>	<u>885</u>	<u>418,373</u>	<u>427,099</u>	<u>8,726</u>
713	0	68,396	79,866	83,000	3,134
0	0	0	203	203	0
0	0	2,549	7,349	6,977	(372)
<u>713</u>	<u>0</u>	<u>70,945</u>	<u>87,418</u>	<u>90,180</u>	<u>2,762</u>

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

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2016*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and maintenance	\$66,853	\$37,711	\$232,597
Pupil transportation	140,231	66,696	61,808
Central Services:			
Communication services	0	0	4,837
Staff services	1,675	560	33,180
Technology	0	0	7,210
	<u>1,675</u>	<u>560</u>	<u>45,227</u>
Athletics	<u>89,089</u>	<u>33,777</u>	<u>24,860</u>
Total Support Services	916,781	524,822	447,979
<b>Facilities Improvements</b>			
Building acquisition and construction services	<u>0</u>	<u>0</u>	<u>0</u>
Total Facilities Improvements	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	2,904,855	1,852,654	562,093
<b>Other Financing Uses</b>			
Fund modifications:			
Operating transfer out:			
Transfer to Food Service	<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>\$2,904,855</u></u>	<u><u>\$1,852,654</u></u>	<u><u>\$562,093</u></u>



<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Expenses</u>	<u>Totals</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$100,788	\$1,990	\$1,214	\$441,153	\$493,965	\$52,812
32,580	8,474	12,826	322,615	328,676	6,061
1,612	0	0	6,449	6,799	350
471	0	0	35,886	38,420	2,534
8	2,500	34,749	44,467	51,966	7,499
<u>2,091</u>	<u>2,500</u>	<u>34,749</u>	<u>86,802</u>	<u>97,185</u>	<u>10,383</u>
4,955	15,887	3,239	171,807	181,319	9,512
152,444	39,285	152,405	2,233,716	2,353,389	119,673
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,000</u>	<u>86,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,000</u>	<u>86,000</u>
205,569	57,151	209,078	5,791,400	6,032,147	240,747
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,227</u>	<u>10,227</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,227</u>	<u>10,227</u>
<u><u>\$205,569</u></u>	<u><u>\$57,151</u></u>	<u><u>\$209,078</u></u>	<u><u>\$5,791,400</u></u>	<u><u>\$6,042,374</u></u>	<u><u>\$250,974</u></u>

**WHITEFORD AGRICULTURAL SCHOOLS**

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

	<b>2015</b>	<b>2014</b>
A. School District's proportion of net pension liability (%)	0.03206%	0.03296%
B. School District's proportion proportionate share of net pension liability	\$7,829,613	\$7,260,411
C. School District's covered-employee payroll	\$2,685,414	\$2,812,081
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	34.30%	38.73%
E. Plan fiduciary net position as a percentage of total pension liability	63.17%	66.20%

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

**WHITEFORD AGRICULTURAL SCHOOLS**

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

	2016	2015
A. Statutorily required contributions	\$618,396	\$964,921
B. Contributions in relation to statutorily required contributions*	618,396	964,921
C. Contribution deficiency (excess)	\$0	\$0
D. School District's covered-employee payroll	\$2,292,845	\$2,792,810
E. Contributions as a percentage of covered-employee payroll	26.97%	34.55%

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

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

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

*Notes to Required Supplemental Information  
Year Ended June 30, 2016*

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Changes of benefit terms:        There were no changes of benefit terms in 2016.

Changes of assumptions:        There were no changes of assumptions in 2016.

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

*Sinking Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2016*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources:				
Property taxes	\$204,244	\$203,250	\$204,020	\$770
Investment income	0	60	65	5
	<u>204,244</u>	<u>203,310</u>	<u>204,085</u>	<u>775</u>
Total Revenues				
	204,244	203,310	204,085	775
<b>Expenditures</b>				
Capital outlay:				
Purchase services	5,500	23,000	22,547	453
Capital outlay	200,000	248,000	144,211	103,789
Other	0	1,200	1,179	21
	<u>205,500</u>	<u>272,200</u>	<u>167,937</u>	<u>104,263</u>
Total Expenditures				
	205,500	272,200	167,937	104,263
<b>Net Change in Fund Balances</b>	(1,256)	(68,890)	36,148	105,038
Fund Balance - Beginning of year	<u>185,468</u>	<u>174,287</u>	<u>174,287</u>	<u>0</u>
Fund Balance - End of year	<u>\$184,212</u>	<u>\$105,397</u>	<u>\$210,435</u>	<u>\$105,038</u>

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

*Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2016*

	Special Revenue Fund	Debt Retirement Fund	Total Nonmajor Governmental Funds
	Food Service	2015 Refunding School Bond	
<b>Assets</b>			
Cash and cash equivalents	\$49,936	\$140,610	\$190,546
Due from other governmental units	1,299	0	1,299
Inventory	2,444	0	2,444
Prepaid expenditures	602	0	602
Total Assets	<u>\$54,281</u>	<u>\$140,610</u>	<u>\$194,891</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$4	\$373	\$377
Unearned revenue	3,244	0	3,244
Due to other funds	50,888	0	50,888
Total Liabilities	54,136	373	54,509
<b>Fund Balances</b>			
Restricted for food service	145	0	145
Restricted for debt service	0	140,237	140,237
Total Fund Balances	<u>145</u>	<u>140,237</u>	<u>140,382</u>
Total Liabilities and Fund Balances	<u>\$54,281</u>	<u>\$140,610</u>	<u>\$194,891</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, 2016*

	Special Revenue Fund	Debt Retirement Fund	
	Food Service	2015 Refunding School Bond	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Local sources	\$107,217	\$550,946	\$658,163
State sources	8,314	0	8,314
Federal sources	65,005	0	65,005
<b>Total Revenues</b>	<b>180,536</b>	<b>550,946</b>	<b>731,482</b>
<b>Expenditures</b>			
Food service	180,391	0	180,391
Debt service	0	584,371	584,371
<b>Total Expenditures</b>	<b>180,391</b>	<b>584,371</b>	<b>764,762</b>
<b>Net Change in Fund Balances</b>	145	(33,425)	(33,280)
Fund Balances - Beginning of year	0	173,662	173,662
Fund Balances - End of year	<b>\$145</b>	<b>\$140,237</b>	<b>\$140,382</b>

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

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2016*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources:				
Food sales	\$109,612	\$105,705	\$107,106	\$1,401
Other	0	45	111	66
Total Local Sources	109,612	105,750	107,217	1,467
State Sources:				
Restricted grants	8,200	8,241	8,314	73
Federal Sources:				
Restricted grants	60,033	53,200	53,734	534
Commodities	9,117	10,500	11,271	771
Total Federal Sources	69,150	63,700	65,005	1,305
Total Revenues	186,962	177,691	180,536	2,845
<b>Expenditures</b>				
Purchases services	97,954	98,089	92,610	5,479
Supplies and materials	103,148	87,518	85,485	2,033
Capital outlay	0	507	507	0
Other	1,852	1,804	1,789	15
Total Expenditures	202,954	187,918	180,391	7,527
Excess (Deficiency) of Revenue Over Expenditures	(15,992)	(10,227)	145	10,372
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	15,992	10,227	0	(10,227)
<b>Net Change in Fund Balances</b>	0	0	145	145
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$145	\$145



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

*2015 Refunding School Bond Debt Retirement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2016*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources:				
Property taxes	\$551,456	\$548,887	\$550,723	\$1,836
Investment income	100	200	223	23
	<u>551,556</u>	<u>549,087</u>	<u>550,946</u>	<u>1,859</u>
<b>Expenditures</b>				
Debt service:				
Principal	345,000	345,000	345,000	0
Interest and fiscal charges	202,300	238,256	238,256	0
Other	850	1,150	1,115	35
	<u>548,150</u>	<u>584,406</u>	<u>584,371</u>	<u>35</u>
<b>Net Change in Fund Balances</b>	3,406	(35,319)	(33,425)	1,894
Fund Balance - Beginning of year	<u>167,303</u>	<u>173,662</u>	<u>173,662</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$170,709</u></u>	<u><u>\$138,343</u></u>	<u><u>\$140,237</u></u>	<u><u>\$1,894</u></u>

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

*Student Activities Agency Fund  
Statement of Changes in Assets and Liabilities  
June 30, 2016*

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>Assets</b>				
Cash	\$116,222	\$163,209	\$165,945	\$113,486
<b>Liabilities</b>				
Due to student groups	\$112,404	\$138,528	\$137,718	\$113,214
Due to general fund	3,581	21,381	24,690	272
Due to athletics	0	3,300	3,300	0
Due to food service	237	0	237	0
Total liabilities	\$116,222	\$163,209	\$165,945	\$113,486

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

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2016*

	Due to (From) Student Groups July 1, 2015	Receipts	Disbursements	Due to (From) Student Groups June 30, 2016
<b>Due to School District:</b>				
Athletic Officials	\$138	\$2,471	\$1,755	\$854
Elementary Claws	172	156	290	38
Elementary Activity	50	5,010	4,191	869
Employee Recognition	300	0	0	300
Families in Need Program	136	0	0	136
MS/HS Activity	490	2,106	1,968	628
S.E. Work Experience	1	0	0	1
XYZ Club	1,695	0	0	1,695
Michigan Sales Tax	28	1,843	1,777	94
Kindergarten	224	577	686	115
First Grade	0	692	683	9
Second Grade	48	518	549	17
Third Grade	626	1,285	917	994
Fourth Grade	232	5,507	5,321	418
Fifth Grade	843	2,402	2,744	501
Sixth Grade	1,600	0	426	1,174
Graduated-carryover	6,005	226	0	6,231
Class of 2016	556	3,070	3,626	0
Class of 2017	865	6,595	6,778	682
Class of 2018	615	714	111	1,218
Class of 2019	200	158	221	137
Bobcat Archery	643	0	0	643
Varsity Baseball	207	1,428	1,630	5
Basketball - Boys	1,409	3,935	4,209	1,135
Cheerleaders	358	0	0	358
Cross Country	262	4,270	4,239	293
Varsity Football	9,824	12,197	15,977	6,044
Hubbard Concessions	3,822	9,740	10,469	3,093
High School Girls Track	43	0	0	43
Basketball-Girls	3,008	1,318	4,326	0
Volleyball	117	5,873	3,341	2,649
Cheerleaders-MS	498	0	0	498
Binder Scholarship	1,524	0	250	1,274
Bischoff Scholarship	12,743	0	100	12,643
Lennard Scholarship	106	100	100	106
Seegert Scholarship	22,295	0	1,500	20,795
Van Hove Scholarship	1,265	0	100	1,165

**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, 2016*

	Due to (From) Student Groups July 1, 2015	Receipts	Disbursements	Due to (From) Student Groups June 30, 2016
(Concluded)				
King Scholarship	\$2,175	\$0	\$350	\$1,825
Whiteford Community Scholarship	37	0	0	37
WRC Scholarship	500	0	500	0
Liz Lykowski Scholarship	6,459	0	300	6,159
Class of '76 Scholarship	950	1,475	750	1,675
Winters Scholarship	1,000	1,000	1,000	1,000
Wing Trust Scholarship	2,000	3,000	2,000	3,000
Dean Knight Scholarship	1,855	0	1,000	855
WRC P2P Scholarship	500	0	225	275
WAS FAC/Staff Scholarship	0	850	0	850
Weygand/Howard Leg Scholarship	0	1,000	0	1,000
Elementary Art	412	0	351	61
MS/HS Art	18	113	37	94
Band	1	0	0	1
Building Trades	93	11,467	5,957	5,603
Elementary Camp	4,028	20,570	20,208	4,390
Challenge Day	21	0	0	21
High School Project DC	20	1,695	1,715	0
MS/HS Spirit Committee	619	0	383	236
Student Prev Lead Team	0	2,000	567	1,433
Choir-All	82	0	0	82
Elementary Crafting For Literacy	1,097	1,310	1,538	869
Science Fair	565	0	0	565
Honor Society	763	52	415	400
Elementary Journalism	562	538	657	443
High School Journalism	5,023	9,178	8,916	5,285
Middle School Journalism	0	1,397	1,321	76
Elementary Library	342	2,570	2,121	791
High School Library	940	800	1,680	60
Life Management	177	435	456	156
Put-in-Bay	476	664	3	1,137
MS Recycling	46	188	184	50
Solar Sprint	896	0	0	896
Spanish Club	22	60	13	69
Elementary Student Council	1,346	1,477	1,817	1,006
Student Council - High School	3,678	2,092	2,398	3,372
Student Council - Middle School	315	1,901	1,993	223
Pressbox/Bleachers	1,000	0	0	1,000
Legacy	900	0	0	900
Elementary Special Education	538	505	579	464
<b>Total Due to Student Groups</b>	<b>\$112,404</b>	<b>\$138,528</b>	<b>\$137,718</b>	<b>\$113,214</b>

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

*Summary of 2015 Tax Levy  
Year Ended June 30, 2016*

	Millage Rate	Taxable Value	Levy
<b>Whiteford Township</b>			
General Fund operating - non-homestead	18.00	\$40,547,450	\$729,854
General Fund operating - commercial	6.00	6,363,416	38,180
2015 Debt Retirement Fund	2.70	194,869,281	526,147
2015 Debt Retirement Fund - IFT	1.35	1,336,617	1,804
Sinking Fund	1.00	194,869,281	194,869
Sinking Fund - IFT	0.50	1,336,617	668
			1,491,522
<b>Summerfield Township</b>			
General Fund operating - non-homestead	18.00	349,532	6,292
2015 Debt Retirement Fund	2.70	1,846,061	4,984
Sinking Fund	1.00	1,846,061	1,846
			13,122
<b>Riga Township</b>			
General Fund operating - non-homestead	18.00	678,738	12,217
General Fund operating - commercial	6.00	800	5
2015 Debt Retirement Fund	2.70	6,915,815	18,673
Sinking Fund	1.00	6,915,815	6,916
			37,811
Total			\$1,542,455
<b>Summary</b>			
General Fund operating - non-homestead		41,575,720	\$748,363
General Fund operating - commercial		6,364,216	38,185
2015 Debt Retirement Fund		203,631,157	549,804
2015 Debt Retirement Fund - IFT		1,336,617	1,804
Sinking Fund		203,631,157	203,631
Sinking Fund - IFT		1,336,617	668
			\$1,542,455

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

*Schedule of Technology Enhancement Millage  
Budget and Actual  
Year Ended June 30, 2016*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Technology enhancement millage	\$182,185	\$182,185	\$0
Total Revenues	182,185	182,185	0
<b>Expenditures</b>			
Instruction:			
Purchase services	15,615	15,527	88
Supplies	3,546	3,455	91
Capital outlay	9,230	9,221	9
Other	14,400	20,954	(6,554)
Total Instruction	42,791	49,157	(6,366)
Support:			
Salaries	22,790	21,457	1,333
Fringe benefits	13,264	12,542	722
Purchase services	11,633	13,473	(1,840)
Supplies	160	139	21
Capital outlay	9,910	9,902	8
Other	21,680	12,668	9,012
Total Support	79,437	70,181	9,256
Total Expenditures	122,228	119,338	2,890
<b>Net Change in Fund Balance</b>	59,957	62,847	(2,890)
Restricted for Technology			
Enhancement - Beginning of Year	51,229	51,229	0
Restricted for Technology			
Enhancement - End of Year	\$111,186	\$114,076	(\$2,890)

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

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2016*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources:				
Admissions	\$28,200	\$32,736	\$34,456	\$1,720
Participation fees	26,025	31,710	31,710	0
Other	0	17,948	17,698	(250)
Total Local Sources	54,225	82,394	83,864	1,470
State Sources:				
Restricted grants	9,707	9,951	9,233	(718)
Total Revenues	<u>\$63,932</u>	<u>\$92,345</u>	<u>\$93,097</u>	<u>\$752</u>
<b>Expenditures</b>				
Pupil Transportation:				
Salaries	\$4,750	\$5,835	\$5,716	\$119
Employee benefits	2,127	2,913	2,528	385
Central Services:				
Staff services				
Purchased services	2,000	1,179	1,130	49
Athletics:				
Salaries	85,335	88,789	89,089	(300)
Employee benefits	34,523	37,926	33,777	4,149
Purchased services	22,801	28,664	24,860	3,804
Supplies and materials	4,075	7,291	4,955	2,336
Capital outlay	0	15,885	15,887	(2)
Other	1,827	2,764	3,239	(475)
Total Expenditures	<u>\$157,438</u>	<u>\$191,246</u>	<u>\$181,181</u>	<u>\$10,065</u>

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

*Schedule of Expenditures of Federal Awards  
June 30, 2016*

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 1	151530-1415	\$42,587
Title 1	161530-1516	44,159
Title II Part A	150520-1415	28,406
Title II Part A	160520-1516	28,406
Total Passed Through State Dept. of Education		143,558
<u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	1,251
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
Cash Assistance:		
National School Lunch Program		
151960 All Lunches	10.555	42,589
161960 All Lunches	10.555	40,209
		82,798
151970 Breakfast	10.553	7,225
161970 Breakfast	10.553	8,280
		15,505
		98,303
Noncash Assistance (Commodities)		
National Lunch Program Commodities	10.555	11,271
		11,271
Total U.S. Department of Agriculture		109,574
Total Federal Financial Assistance		\$254,383

See accompanying notes to this schedule



Accrued (Deferred) Revenue July 1, 2015	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2016
\$3,587	\$42,587	\$0	\$3,587	\$0
0	0	40,216	27,000	13,216
14,387	2,101	1,137	15,524	0
0	0	22,364	15,000	7,364
<u>17,974</u>	<u>44,688</u>	<u>63,717</u>	<u>61,111</u>	<u>20,580</u>
<u>\$0</u>	<u>\$2,456</u>	1,251	<u>\$1,251</u>	<u>\$0</u>
\$0	\$5,589	4,681	\$4,681	\$0
0	0	40,210	40,210	0
0	5,589	44,891	44,891	0
0	933	563	563	0
0	0	8,280	8,280	0
0	933	8,843	8,843	0
0	6,522	53,734	53,734	0
0	8,973	11,271	0	11,271
<u>\$0</u>	<u>\$15,495</u>	<u>65,005</u>	<u>\$53,734</u>	<u>\$11,271</u>
		<u>\$129,973</u>		

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

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016*

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1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Whiteford Agricultural Schools under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Whiteford Agricultural Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Whiteford Agricultural Schools.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement.
3. Whiteford Agricultural Schools has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.
5. There were no federal awards expended for loan or loan guarantee programs.
6. Whiteford Agricultural Schools does not have any subrecipients.
7. The amounts reported on the Grant Section Auditors Report reconcile with this schedule.

	Title I	Title II
Current Year Receipts	\$27,000	\$15,000
Accrued Revenue	11,000	4,000
Grant Auditor Report	\$38,000	\$19,000



COOLEY HEHL  
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Certified Public Accountants

October 5, 2016

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2016. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whiteford Agricultural Schools are described in Note 2 to the financial statements. During 2016, Whiteford Agricultural Schools implemented Governmental Accounting Standard Board Statement Number 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. We noted no transactions entered into by Whiteford Agricultural Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Financial statement disclosures are neutral, consistent, and clear.

To the Board of Education  
Whiteford Agricultural Schools

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#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 5, 2016.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*

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

#### *Other Matters*

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

To the Board of Education  
Whiteford Agricultural Schools

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

*Restriction on Use*

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

Very truly yours,

*Cooly Hehl Wohlgamuth & Carlton*



COOLEY HEHL  
WOHLGAMUTH & CARLTON  
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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, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

Very truly yours,

A handwritten signature in cursive script that reads "Cooley Hehl Wohlgamuth &amp; Carlton".

October 5, 2016