

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

ANNUAL FINANCIAL REPORT
June 30, 2013

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

*School Board Members
June 30, 2013*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Holly Bunge	President	12/31/2016
Dan Martin	Vice-President	12/31/2014
Karen Miller	Secretary	12/31/2016
Michelle Wing	Treasurer	12/31/2014
Rob Schnipke	Trustee	12/31/2016
Christine Bischoff	Trustee	12/31/2014
Tracy Malhoit	Trustee	12/31/2016

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

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June 30, 2013*

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

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

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
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Certified Public Accountants

Independent Auditor's Report

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2013, Whiteford Agricultural School District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 13 and 35 through 40 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2013, 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 Hehl Wohlgamuth + Carlton".

October 8, 2013



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
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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, 2013, 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 8, 2013.

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 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.



October 8, 2013

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

*Management's Discussion and Analysis
Year Ended June 30, 2013*

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, 2013. 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 Funds, 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 fund - the General 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
(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, 2013*

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 LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2013*

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, 2013 and 2012.

Table 1

Comparative Statement of Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Current and other assets	\$2,102,199	\$2,105,367
Capital assets, net	<u>6,790,539</u>	<u>6,869,356</u>
Total Assets	8,892,738	8,974,723
Current and other liabilities	1,446,978	1,393,205
Long-term liabilities	<u>6,158,870</u>	<u>6,563,107</u>
Total Liabilities	7,605,848	7,956,312
Net Position		
Invested in capital assets, net of related debt	409,423	172,823
Restricted for technology enhancement	19,958	91,694
Restricted for debt service	153,112	151,936
Restricted for capital outlay	82,475	0
Unrestricted	<u>704,397</u>	<u>601,958</u>
Total Net Position	<u>\$1,286,890</u>	<u>\$1,018,411</u>

As depicted in Table 1, the School District's net position was \$1,286,890 at June 30, 2013. Of this amount, \$704,397 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net position balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities (compensated absences for example), we would have \$704,397 left. The operating results of the General Fund 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, 2013 and 2012.

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

*Management's Discussion and Analysis
Year Ended June 30, 2013*

District-Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Position

	June 30, 2013	June 30, 2012
Revenues		
Program revenues:		
Charges for services	\$227,034	\$246,200
State grants and other revenue	463,031	454,203
Federal grants	151,074	259,361
	841,139	959,764
General revenues:		
Property taxes	1,751,043	1,548,492
State foundation allowance	3,920,388	4,044,708
Other general revenues	41,735	67,599
	5,713,166	5,660,799
Total Revenues	6,554,305	6,620,563
 Functions/Program Expenses		
Instruction	3,347,631	3,622,643
Support services	2,078,305	2,269,302
Athletics	157,357	157,246
Food service	196,320	219,373
Interest on long-term debt	302,549	396,535
Depreciation	203,664	208,786
	6,285,826	6,873,885
Total Expenses	6,285,826	6,873,885
 Increase (Decrease) in Net Position	\$268,479	(\$253,322)

As indicated in Table 2, the cost of *all governmental* activities this year was \$6,285,826. Of this amount, \$841,139 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 \$268,479. Reasons for this increase include: an increase in property taxes due to the sinking fund millage and a decrease of total expenses of \$588,059. 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 LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2013*

Fund Financial Analysis

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$1,049,737, which is a decrease of \$45,438 from last year. The changes by major and nonmajor funds are as follows:

	General Fund	Nonmajor Funds	Total
Fund balances - Beginning of year	\$943,239	\$151,936	\$1,095,175
Increase (decrease)	(129,089)	83,651	(45,438)
Fund balances – End of year	\$814,150	\$235,587	\$1,049,737

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

Revenues	June 30, 2013	June 30, 2012	Percent Change
Local sources	\$841,786	\$875,514	(3.9)%
State sources	4,247,718	4,338,231	(2.1)%
Federal sources	82,468	173,960	(52.6)%
Interdistrict and other sources	373,503	398,347	(6.2)%
	\$5,545,475	\$5,786,052	(4.2)%

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

*Management's Discussion and Analysis
Year Ended June 30, 2013*

Fund Financial Analysis – Concluded

Expenditures	June 30, 2013	June 30, 2012	Percent Change
Instruction	\$3,404,887	\$3,621,513	(6.0)%
Support services	2,107,337	2,302,814	(8.5)%
Athletics	150,930	150,745	0.1 %
Operating transfers out	11,410	12,221	(6.6)%
	<u>\$5,674,564</u>	<u>\$6,087,293</u>	(6.7)%

General Fund Budgetary Highlights

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

Beginning Budget versus Ending Budget

Revenues – The original budget for revenues was \$5,483,212 versus the final budget of \$5,630,024, an increase of \$146,812. Major components of the original budget for revenues versus final projections are discussed below:

- Adjustment of \$32,097 for increase in Title I allocation as well as Title I carryover.
- Adjustment of \$21,149 for increase in Title II allocation and Title II Part A carryover.
- Adjustment of \$53,674 for increase in At Risk allocation and At Risk carryover.
- Additional funds totaling \$64,432 received for MPSERS UAAL Rate Stabilization.
- Decrease of \$45,819 in Special Ed Headlee funds and \$26,444 in Special Ed funds received through the ISD.

Expenditures – The original budget for expenditures was \$5,993,508 compared to the final budget of \$5,848,615; a decrease of \$144,893. Major components of the original budget for expenditures versus final projections are discussed below:

- Decrease salary and benefits for instructional staff by approximately \$82,000 due to personnel changes.
- Reduced Special Education budget by \$11,800 for change in salaries and benefits due to change in personnel.
- Increased expenditure budgets approximately \$106,920 for At Risk, Title I & Title II allocation and carryover adjustments.
- Adjust for decrease in budget of approximately \$28,360 for Other business services due mainly to the reduction in interest rate for the state aid note.
- Adjust for decrease in Operations and Maintenance budget of approximately \$101,400 comprised mainly of reductions in utility costs (phone, gas, electric), contracted repairs, supplies and funds budgeted for unforeseen emergency repairs.

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

*Management's Discussion and Analysis
Year Ended June 30, 2013*

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

- Decrease Transportation expenditures approximately \$26,010 for various expenditures relating to reducing a general ed transportation route and athletic transportation as well as miscellaneous expenses relating to special ed transportation.
- Increase Support Services – Technology budget \$23,000 for expenses relating to the district wireless project.
- Increase Athletics approximately \$13,000 due to increases in coaching salaries due to changes in personnel and purchase of a sound system for the football program.

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$5,545,475 versus a budget of \$5,630,024; a difference of \$84,549.

- At Risk revenue was budgeted \$93,674, but only \$32,738 was recognized; difference of \$60,936.
- Revenue for Title I was budgeted at \$78,161, but only \$70,426 was recognized; difference of \$7,735.
- Revenue for Title II was budgeted at \$38,166, but only \$11,391 was recognized; difference of \$26,775.
- Athletic revenue was budgeted at \$61,968, and \$64,529 received.

Expenditures – Final budget for expenditures was \$5,848,615 compared to actual expenditures of \$5,674,564, a difference of \$174,051. This difference is mainly attributed to the following:

- Instructional expenditures for basic programs relating to insurance and retirement benefits were approximately \$ 30,000 less than budgeted due mainly to estimations in benefits costs.
- \$94,197 in At Risk, Title I and Title II grant funds budgeted were not spent and will become carryover in FY 14.
- School Administration expenditures for legal fees were \$4,300 less than budgeted.
- Expenditures related to the Operations and Maintenance were approximately \$12,000 less than budgeted.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the School District had \$10,936,785 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 \$124,847 in capital assets. This year's additions consisted of a boiler, a water tank, an electric backup hoist, and a cooler. The District had \$37,606 in disposals of capital assets. Depreciation for this year totaled \$203,664. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2013, the School District had \$6,475,000 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 \$172,270 include accrued vacation, sick and severance pay. More detailed information about long-term liabilities is presented in Note 10 to the Financial Statements.

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

*Management's Discussion and Analysis
Year Ended June 30, 2013*

Development of the 2013-14 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2013-14 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 method for determining the blended count has changed effective in fiscal 2014. The blended count for the 2014 fiscal year is 90 percent of the October 2013 student count and 10 percent of the following February's count. The District projected a blended pupil count of 648.31 students which is approximately 30 FTE's less than the previous year's actual figure. Approximately 82% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included a \$60/pupil increase to reflect an increase to the new minimum foundation of \$7,026/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 2013-14 fiscal year was adopted on June 24, 2013. 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 LENAWEE, MICHIGAN**

*Statement of Net Position
June 30, 2013*

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$1,232,334
Accounts/taxes receivable	565
Due from student groups	124
Due from other governmental units	858,439
Deposit	5,050
Inventories	2,181
Prepaid expenses	3,506
Capital assets, net	<u>6,790,539</u>
Total Assets	<u>8,892,738</u>
Liabilities	
Accounts payable	106,272
Salaries payable	309,705
Other liabilities	246,193
Accrued interest payable	44,516
State aid note payable	321,429
Unearned revenue	68,813
Due to student groups	50
Long-term liabilities:	
Due within one year	350,000
Due in more than one year	6,297,270
Plus:	
Unamortized premium on bonds	26,074
Less:	
Unamortized advanced amount on refunding	<u>(164,474)</u>
Total Liabilities	<u>7,605,848</u>
Net Position	
Invested in capital assets, net of related debt	409,423
Restricted for technology enhancement	19,958
Restricted for debt service	153,112
Restricted for capital outlay	82,475
Unrestricted	<u>704,397</u>
Total Net Position	<u><u>\$1,286,890</u></u>

See accompanying notes to the basic financial statements

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

*Statement of Activities
Year Ended June 30, 2013*

Functions/Programs	Expenses	Program Revenues		Governmental
		Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$3,347,631	\$64,681	\$473,847	(\$2,809,103)
Support services	2,235,662	58,322	59,271	(2,118,069)
Food services	196,320	104,031	80,713	(11,576)
Interest on long-term debt	302,549	0	274	(302,275)
Depreciation (Unallocated)	203,664	0	0	(203,664)
Total Governmental Activities	\$6,285,826	\$227,034	\$614,105	(5,444,687)
		General Revenues:		
		Taxes:		
			Property taxes, levied for general operations	767,826
			Property taxes, levied for technology	168,807
			Property taxes, levied for debt retirement	615,406
			Property taxes, levied for sinking	199,004
			State of Michigan aid, unrestricted	3,920,388
			Interest and investment earnings	1,535
			Other	40,200
			Total General Revenues	5,713,166
			Change in Net Position	268,479
			Net Position - Beginning of year, restated	1,018,411
			Net Position - End of year	\$1,286,890

See accompanying notes to the basic financial statements

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

*Governmental Funds
Balance Sheet
June 30, 2013*

	General	Other Nonmajor Governmental Funds	Totals
Assets			
Cash and cash equivalents	\$1,037,921	\$194,413	\$1,232,334
Accounts/taxes receivable	565	0	565
Due from student groups	0	124	124
Due from other governmental units	857,063	1,376	858,439
Due from other funds	366	43,097	43,463
Deposit	5,050	0	5,050
Inventory	0	2,181	2,181
Prepaid expenditures	2,906	600	3,506
	<u>\$1,903,871</u>	<u>\$241,791</u>	<u>\$2,145,662</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$102,822	\$3,450	\$106,272
Salaries payable	309,705	0	309,705
Other liabilities	246,193	0	246,193
State aid note payable	321,429	0	321,429
Unearned revenue	66,425	2,388	68,813
Due to student groups	50	0	50
Due to other funds	43,097	366	43,463
	<u>1,089,721</u>	<u>6,204</u>	<u>1,095,925</u>
Fund Balances			
Nonspendable:			
Prepaid expenditures	2,906	0	2,906
Restricted for:			
Technology enhancement	19,958	0	19,958
2005 School bond debt retirement	0	153,112	153,112
Capital outlay	0	82,475	82,475
Unassigned	791,286	0	791,286
	<u>814,150</u>	<u>235,587</u>	<u>1,049,737</u>
Total Fund Balances	<u>814,150</u>	<u>235,587</u>	<u>1,049,737</u>
Total Liabilities and Fund Balances	<u>\$1,903,871</u>	<u>\$241,791</u>	<u>\$2,145,662</u>

See accompanying notes to the basic financial statements

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

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Year Ended June 30, 2013*

Total Fund Balances - Governmental Funds		\$1,049,737
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
Cost of the capital assets	\$10,936,785	
Accumulated depreciation	(4,146,246)	
		6,790,539
<p>Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Bonds payable	(6,475,000)	
Compensated absences	(172,270)	
Accrued interest	(44,516)	
Premium amortized over the life of the bonds	(26,074)	
Advanced amount on refunding amortized over the life of the bonds	164,474	
		(6,553,386)
Total Net Position - Governmental Activities		\$1,286,890

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, 2013*

	General	Other Nonmajor Governmental Funds	Totals
Revenues			
Local sources	\$841,786	\$918,830	\$1,760,616
State sources	4,247,718	18,128	4,265,846
Federal sources	82,468	68,606	151,074
Interdistrict and other sources	373,503	0	373,503
Total Revenues	5,545,475	1,005,564	6,551,039
Expenditures			
Instruction	3,404,887	0	3,404,887
Support services	2,107,337	196,320	2,303,657
Capital outlay	0	116,556	116,556
Debt service	0	620,447	620,447
Athletics	150,930	0	150,930
Total Expenditures	5,663,154	933,323	6,596,477
Excess (Deficiency) of Revenues Over Expenditures	(117,679)	72,241	(45,438)
Operating transfers in	0	11,410	11,410
Operating transfers out	(11,410)	0	(11,410)
Total Other Financing Sources (Uses)	(11,410)	11,410	0
Net Change in Fund Balances	(129,089)	83,651	(45,438)
Fund Balances - Beginning of year	943,239	151,936	1,095,175
Fund Balances - End of year	<u>\$814,150</u>	<u>\$235,587</u>	<u>\$1,049,737</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, 2013*

Total Net Change in Fund Balances - Governmental Funds	(\$45,438)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(\$203,664)
Capital outlay	<u>124,847</u>
	(78,817)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	335,747
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	(17,333)
Accrued interest is recorded in the statement of activities when incurred, it is not reported in the governmental funds until paid	2,750
Increases in the liability for compensated absences are reported as expenditures in the statement of activities, but not in the governmental funds	<u>71,570</u>
Change in Net Position of Governmental Activities	<u>\$268,479</u>

See accompanying notes to the basic financial statements

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

*Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2013*

	<u>Agency Fund</u>
	<u>Student Activities</u>
Assets	
Cash and certificates of deposit	\$116,208
Due from athletics	50
Total Assets	<u>116,258</u>
Liabilities	
Due to student groups	\$116,134
Due to food service	124
Total Liabilities	<u>\$116,258</u>

See accompanying notes to the basic financial statements

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 1 Description of the School District and Reporting Entity

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

Reporting Entity

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

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

Note 2 Summary of Significant Accounting Policies

The financial statements of the School District, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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, 2013*

Note 2 Summary of Significant Accounting Policies (Continued)
Basis of Presentation (Concluded)

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

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

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

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

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

The School District reports the following major governmental fund:

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

The School District reports the following nonmajor governmental funds:

The Food Service Fund, the 2005 Refunding School Bond Debt Retirement Fund, the Durant Debt Retirement Fund, and the Sinking Capital Projects Fund. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, 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.

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, 2013, 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.

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 2 Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Concluded)

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

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

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

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 2

Summary of Significant Accounting Policies (Continued)

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

Net Position - Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is 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.

Accounting Change and Net Asset/Net Position Restatement – As a result of implementing GASB Statement No. 65, the School District Governmental Activities net assets as of June 30, 2012 have been restated as Net Position as of July 1, 2012 on the government-wide Statement of Activities. Additionally, the School District changed its policy for recognizing debt issuance costs, from amortizing the costs over the life of the outstanding debt, to that of recognizing debt issuance costs in the year incurred. Accordingly, this change has been applied retroactively by restating the beginning net position for bond issuance costs incurred in prior years.

The reconciliation below summarizes the difference between the Governmental Activities net assets as of June 30, 2012 as previously reported to July 1, 2012, net position reported on the government-wide Statement of Activities.

	<u>Governmental Activities</u>
Net assets, June 30, 2012, as previously reported	\$1,083,385
Cumulative effect of recognizing bond issuance costs as an expense in the year incurred	<u>(64,974)</u>
Net position, June 30, 2012	<u>\$1,018,411</u>

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

Fund Balance Non-spendable, Restricted, 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 and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The Board desired to maintain, in stable economic times, a fund balance of at least 10% of the District General Fund annual operating expenditures.

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.

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 2 Summary of Significant Accounting Policies (Concluded)

- 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 2013.
- 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. Subsequent Events - The School District's management evaluated subsequent events from June 30, 2013 through October 8, 2013, 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.

During the year ended June 30, 2013, 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.

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 4 Deposits and Investments

As of June 30, 2013, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Fifth Third Bank, Huntington Bank, Flagstar, JP Morgan Chase Bank, and Michigan School District Liquid Asset Fund Plus.

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

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

- C. Concentration of credit risk. The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

- D. Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$1,248,949 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$758,458. Uninsured deposits are \$490,491.

- E. Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by; limiting investments to the types of securities listed in the School District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

The School District voluntarily invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the Securities Exchange Commission. MILAF reports that as of June 30, 2013, the fair value of the School District's investments is the same as the value of the pool shares. As of June 30, 2013, \$14,580 was held with MILAF.

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

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Capital assets being depreciated:				
Land improvements	416,181	0	0	416,181
Buildings and building improvements	9,814,586	0	0	9,814,586
Machinery and equipment	149,166	124,847	0	274,013
Vehicles	447,698	0	37,606	410,092
	10,827,631	124,847	37,606	10,914,872
 Total capital assets	 10,849,544	 124,847	 37,606	 10,936,785
 Less Accumulated Depreciation:				
Land improvements	(192,851)	(20,265)	0	(213,116)
Buildings and building improvements	(3,246,671)	(171,231)	0	(3,417,902)
Machinery and equipment	(128,684)	(3,374)	0	(132,058)
Vehicles	(411,982)	(8,794)	(37,606)	(458,382)
	(3,980,188)	(203,664)	(37,606)	(4,146,246)
 Total accumulated depreciation	 (3,980,188)	 (203,664)	 (37,606)	 (4,146,246)
 Net capital assets	 \$6,869,356	 (\$78,817)	 \$0	 \$6,790,539

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

Note 6 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2013, consisted of the following individual fund receivables and payables:

	Due To			
Due From	General Fund	Sinking Fund	2005 Refunding School Bond Fund	Total
General Fund	\$0	\$10,511	\$32,586	\$43,097
Food Service Fund	366	0	0	366
	\$366	\$10,511	\$32,586	\$43,463

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 6 Interfund Payables, Receivables, and Transfers (Concluded)

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

Interfund transfers at June 30, 2013, consisted of the following:

<u>Transfer In:</u>	<u>Transfer Out General Fund</u>
Food Service Fund	<u>\$11,410</u>

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

Note 7 Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

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

B. Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 24.46 percent for the period July 1, 2012 through September 30, 2012, and 25.36 percent for the period October 1, 2012 through January 31, 2013 of the covered payroll to the plan. Beginning February 1, 2013 through June 30, 2013 the pension rate (including defined contributions) for the basic MIP employees ranged from 24.32 percent to 26.96 percent.

New employees hired on or after July 1, 2010 are in the Pension Plus hybrid plan. The pension rate for the Pension Plus plan members was 23.23 percent for the period July 1, 2012 through September 30, 2012.

Beginning October 1, 2012, the pension rate for the Pension Plus plan members who were hired between July 1, 2010 and September 3, 2012 ranged from 24.13 percent to 25.36 percent for the period October 1, 2012 through January 31, 2013 of the covered payroll. Beginning February 1, 2013 through June 30, 2013 the pension rate for these pension plus members ranged from 24.13 percent to 25.13 percent.

The pension rate for the Pension Plus plan members who were hired after September 3, 2012 ranged from 20.96 percent to 23.2 percent for the period October 1, 2012 through January 31, 2013 and 25.96 percent to 26.2 percent for the period February 1, 2013 to June 30, 2013.

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

*Notes to Financial Statements
Year Ended June 30, 2013*

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

B. Funding Policy (Concluded)

Basic plan members have not been required to make contributions to the retirement system and Member Investment Plan (MIP) members have contributed with rates ranging from 3 percent to 6.4 percent of their gross wages. As of February 1, 2013, the Basic and MIP members had four options where they can choose to increase, maintain, or stop contributions to the pension fund. Employee contributions as of February 1, 2013 range from zero percent to 7 percent, depending on the option the member chooses.

Pension Plus plan members contribute 3 percent of compensation to the retiree healthcare fund. These members may keep the graded premium subsidy they currently have at a 3 percent rate, or as of February 1, 2013 they could choose the personal healthcare fund which can be used to pay healthcare expenses in retirement. If members choose the personal healthcare fund, they will opt-out of the premium subsidy benefit and be enrolled in a 2 percent employee contribution into a state-sponsored 457 account. The School's contributions to the MPSERS pension plan for the years ended June 30, 2013, 2012, and 2011 were \$748,167, \$794,054, and \$669,389, respectively.

C. Postemployment Benefits

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

Note 8 Enhancement Millage for Technology

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 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, 2013. 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, 2013, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
State aid anticipation note	\$392,143	\$750,000	\$820,714	\$321,429

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

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 10 Long-Term Debt

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

	Balance June 30, 2012	Additions	Payments	Balance June 30, 2013	Due in One Year
School Improvement Bonds					
Series 1998	\$5,747	\$0	\$5,747	\$0	\$0
2005 Refunding Bonds	6,805,000	0	330,000	6,475,000	350,000
	6,810,747	0	335,747	6,475,000	350,000
Compensated absences payable	243,840	1,413	71,570	172,270	0
	<u>\$7,054,587</u>	<u>\$1,413</u>	<u>\$407,317</u>	<u>\$6,647,270</u>	<u>\$350,000</u>

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

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

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

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

These bonds were approved by the voters of the School District on March 20, 2001. The proceeds 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 October 5, 2005, certain bonds totaling \$7,070,000 were defeased by the 2005 bond issue.

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

*Notes to Financial Statements
Year Ended June 30, 2013*

Note 10 Long-Term Debt (Concluded)

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

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

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond</u> <u>Maturities</u>	<u>Total</u> <u>Requirements</u>
	<u>November 1</u>	<u>May 1</u>	<u>May 1</u>	
2014	\$133,547	\$133,547	\$350,000	\$617,094
2015	124,797	124,797	365,000	614,594
2016	117,497	117,497	380,000	614,994
2017	109,897	109,897	400,000	619,794
2018	101,897	101,897	415,000	618,794
2019	93,597	93,597	430,000	617,194
2020	84,997	84,997	450,000	619,994
2021	75,997	75,997	465,000	616,994
2022	66,697	66,697	485,000	618,394
2023	56,997	56,997	505,000	618,994
2024	46,644	46,644	525,000	618,288
2025	35,816	35,816	545,000	616,632
2026	24,508	24,508	570,000	619,016
2027	12,537	12,537	590,000	615,074
	<u>\$1,085,425</u>	<u>\$1,085,425</u>	<u>\$6,475,000</u>	<u>\$8,645,850</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>Requirement</u>
2014	\$267,094	\$350,000	\$617,094
2015	249,594	365,000	614,594
2016	234,994	380,000	614,994
2017	219,794	400,000	619,794
2018	203,794	415,000	618,794
2019-2023	756,570	2,335,000	3,091,570
2024-2027	239,010	2,230,000	2,469,010
	<u>\$2,170,850</u>	<u>\$6,475,000</u>	<u>\$8,645,850</u>

Note 11 Lease Commitments – Operating Leases

The School District has, as of June 30, 2013, contractual agreements specifying the following annual lease payment obligations:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$40,779
2015	29,672
2016	29,672
2017	9,790
2018	9,790
	<u>\$119,703</u>

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

*Notes to Financial Statements
Year Ended June 30, 2013*

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 2012 property taxes were levied on December 1, 2012 on assessed valuations as of December 31, 2011. Taxes were collected beginning December 1, 2012 and payments were due by February 14, 2013. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2012 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$41,861,459	18.00	\$753,506
Commercial	5,672,735	6.00	34,037
2005 Debt Retirement Fund:			
Regular	198,029,716	3.10	613,891
IFT	2,526,400	1.55	3,916
Sinking Fund:			
Regular	198,029,716	1.00	198,029
IFT	2,526,400	0.50	<u>1,263</u>
Total			<u>\$1,604,642</u>

Note 13 Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2013, the School District incurred claims of \$8,946.

Note 14 Cafeteria Contract

During the fiscal year ended June 30, 2013, the School District contracted with Sodexo Management, Inc. (Sodexo) to cover all cafeterias within the School District. Pursuant to this agreement, Sodexo manages the food service operations of the School District. All costs of Sodexo have been reflected in the financial statements of the Food Service Fund.

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, 2013.

B. Litigation

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

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

*Notes to Financial Statements
Year Ended June 30, 2013*

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 LENAWEE, MICHIGAN**

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$910,306	\$832,714	\$841,786	\$9,072
State sources	4,137,188	4,306,737	4,247,718	(59,019)
Federal sources	60,529	117,077	82,468	(34,609)
Interdistrict and other sources	375,189	373,496	373,503	7
Total Revenues	5,483,212	5,630,024	5,545,475	(84,549)
Expenditures				
Instruction:				
Basic programs	3,175,254	3,094,974	3,069,714	25,260
Added needs	342,387	427,496	335,173	92,323
Support services:				
Pupil	239,161	254,761	247,994	6,767
Instructional staff	199,775	182,080	173,639	8,441
General administration	257,145	250,315	245,979	4,336
School administration	413,350	418,528	412,138	6,390
Business administration	129,947	87,430	84,810	2,620
Operation and maintenance	611,472	508,866	496,154	12,712
Security services	2,400	3,579	3,353	226
Pupil transportation	373,579	347,569	342,530	5,039
Central services	83,993	103,217	100,740	2,477
Interdistrict and other uses	0	0	0	0
Total Expenditures	5,971,729	5,835,709	5,663,154	172,555
Excess (Deficiency) of Revenues Over Expenditures	(488,517)	(205,685)	(117,679)	88,006
Other Financing Uses				
Operating transfer out	(21,779)	(12,906)	(11,410)	1,496
Net Change in Fund Balances	(510,296)	(218,591)	(129,089)	89,502
Fund Balances - Beginning of year	799,885	943,239	943,239	0
Fund Balances - End of year	\$289,589	\$724,648	\$814,150	\$89,502

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

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2013*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Local Sources			
Property taxes	\$761,891	\$767,826	\$5,935
Tuition	480	480	0
Investment income	1,500	1,312	(188)
Contributions	650	644	(6)
Athletics	61,968	64,529	2,561
Other revenue	6,225	6,995	770
Total Local Sources	<u>832,714</u>	<u>841,786</u>	<u>9,072</u>
State Sources			
Unrestricted grants:			
Proposal A obligation	2,795,707	2,795,697	(10)
Discretionary payment	1,087,539	1,087,540	1
Best practices	35,412	37,151	1,739
Restricted grants:			
Special education-Headlee obligation	132,084	132,084	0
At risk	93,674	32,738	(60,936)
Other state grants	149,387	149,415	28
Transfer from intermediate school district:			
Vocational education added costs	12,934	13,093	159
Total State Sources	<u>4,306,737</u>	<u>4,247,718</u>	<u>(59,019)</u>
Federal Sources			
Title I	78,161	70,426	(7,735)
Title IIA	38,166	11,391	(26,775)
Medicaid outreach grant	750	651	(99)
Total Federal Sources	<u>117,077</u>	<u>82,468</u>	<u>(34,609)</u>
Interdistrict and Other Sources			
Transfer from intermediate school district:			
County special education tax	123,320	123,320	0
Technology enhancement millage	168,800	168,807	7
Cooperative program	64,201	64,201	0
Insurance reimbursements	15,950	15,950	0
Sale of capital assets	1,225	1,225	0
Total Interdistrict and Other Sources	<u>373,496</u>	<u>373,503</u>	<u>7</u>
 Total Revenues	 <u>\$5,630,024</u>	 <u>\$5,545,475</u>	 <u>(\$84,549)</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, 2013*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$699,368	\$437,407	\$24,599
Middle School	429,822	252,109	13,338
High School	669,640	404,111	32,187
	<u>1,798,830</u>	<u>1,093,627</u>	<u>70,124</u>
Added Needs:			
Special education	135,094	73,501	4,770
Compensatory education	57,951	18,910	0
Vocational education	18,340	10,536	189
	<u>211,385</u>	<u>102,947</u>	<u>4,959</u>
 Total Instruction	 2,010,215	 1,196,574	 75,083
Support Services			
Pupil:			
Guidance	87,936	39,564	276
Health	0	0	179
Speech	64,635	36,486	25
Social work services	0	0	180
Other pupil services	8,362	2,950	2,223
	<u>160,933</u>	<u>79,000</u>	<u>2,883</u>
Instructional Staff:			
Improvement of instruction	0	0	9,672
Library	26,966	8,856	1,398
Technology assisted	37,717	18,380	13,243
	<u>64,683</u>	<u>27,236</u>	<u>24,313</u>
General Administration:			
Board of Education	1,920	163	31,930
Executive administration	132,585	68,302	4,773
	<u>134,505</u>	<u>68,465</u>	<u>36,703</u>
School Administration:			
Office of the principal	262,373	138,930	3,124
Other school administration	0	0	208
	<u>262,373</u>	<u>138,930</u>	<u>3,332</u>
Business Administration:			
Fiscal services	6,481	9,877	0
Internal services	0	0	294
Other business services	0	0	4,579
	<u>6,481</u>	<u>9,877</u>	<u>4,873</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$12,761	\$9,346	\$0	\$1,183,481	\$1,202,941	\$19,460
2,427	170	7,541	705,407	714,273	8,866
9,902	3,686	61,300	1,180,826	1,177,760	(3,066)
<u>25,090</u>	<u>13,202</u>	<u>68,841</u>	<u>3,069,714</u>	<u>3,094,974</u>	<u>25,260</u>
345	0	0	213,710	218,773	5,063
5,547	0	0	82,408	169,461	87,053
8,369	1,621	0	39,055	39,262	207
<u>14,261</u>	<u>1,621</u>	<u>0</u>	<u>335,173</u>	<u>427,496</u>	<u>92,323</u>
39,351	14,823	68,841	3,404,887	3,522,470	117,583
292	1,644	0	129,712	132,484	2,772
87	0	0	266	350	84
360	0	0	101,506	103,109	1,603
0	0	2,795	2,975	3,500	525
0	0	0	13,535	15,318	1,783
<u>739</u>	<u>1,644</u>	<u>2,795</u>	<u>247,994</u>	<u>254,761</u>	<u>6,767</u>
0	0	0	9,672	15,605	5,933
1,412	0	0	38,632	39,559	927
1,779	53,538	678	125,335	126,916	1,581
<u>3,191</u>	<u>53,538</u>	<u>678</u>	<u>173,639</u>	<u>182,080</u>	<u>8,441</u>
433	0	3,025	37,471	41,831	4,360
1,021	1,388	439	208,508	208,484	(24)
<u>1,454</u>	<u>1,388</u>	<u>3,464</u>	<u>245,979</u>	<u>250,315</u>	<u>4,336</u>
2,339	3,391	895	411,052	417,528	6,476
878	0	0	1,086	1,000	(86)
<u>3,217</u>	<u>3,391</u>	<u>895</u>	<u>412,138</u>	<u>418,528</u>	<u>6,390</u>
0	806	55,537	72,701	73,101	400
0	0	0	294	450	156
0	0	7,236	11,815	13,879	2,064
<u>0</u>	<u>806</u>	<u>62,773</u>	<u>84,810</u>	<u>87,430</u>	<u>2,620</u>

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

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2013*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
(Concluded)			
Support Services			
Operation and maintenance	\$149,448	\$103,822	\$110,712
Security services	0	0	3,353
Pupil transportation	156,798	65,309	55,813
Central Services:			
Communication services	0	0	3,064
Staff services	1,500	486	6,097
Technology	27,300	13,102	1,852
	<u>28,800</u>	<u>13,588</u>	<u>11,013</u>
Athletics	<u>89,774</u>	<u>27,162</u>	<u>23,713</u>
Total Support Services	<u>1,053,795</u>	<u>533,389</u>	<u>276,708</u>
Total Expenditures	3,064,010	1,729,963	351,791
Other Financing Uses			
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>\$3,064,010</u></u>	<u><u>\$1,729,963</u></u>	<u><u>\$351,791</u></u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Variance with Final Budget Positive (Negative)
\$120,040	\$10,680	\$1,452	\$496,154	\$508,866	\$12,712
0	0	0	3,353	3,579	226
58,465	5,760	385	342,530	347,569	5,039
426	0	0	3,490	4,363	873
126	490	150	8,849	10,655	1,806
110	41,290	4,747	88,401	88,199	(202)
<u>662</u>	<u>41,780</u>	<u>4,897</u>	<u>100,740</u>	<u>103,217</u>	<u>2,477</u>
<u>1,582</u>	<u>5,222</u>	<u>3,477</u>	<u>150,930</u>	<u>156,894</u>	<u>5,964</u>
<u>189,350</u>	<u>124,209</u>	<u>80,816</u>	<u>2,258,267</u>	<u>2,313,239</u>	<u>54,972</u>
228,701	139,032	149,657	5,663,154	5,835,709	172,555
<u>0</u>	<u>0</u>	<u>11,410</u>	<u>11,410</u>	<u>12,906</u>	<u>1,496</u>
<u>0</u>	<u>0</u>	<u>11,410</u>	<u>11,410</u>	<u>12,906</u>	<u>1,496</u>
<u>\$228,701</u>	<u>\$139,032</u>	<u>\$161,067</u>	<u>\$5,674,564</u>	<u>\$5,848,615</u>	<u>\$174,051</u>

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

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013*

	Special Revenue Fund	Debt Retirement Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	2005 Refunding School Bond	Durant	Sinking	
Assets					
Cash and cash equivalents	\$1,923	\$120,526	\$0	\$71,964	\$194,413
Due from other governmental units	1,376	0	0	0	1,376
Due from student groups	124	0	0	0	124
Due from other funds	0	32,586	0	10,511	43,097
Inventory	2,181	0	0	0	2,181
Prepaid expenditures	600	0	0	0	600
Total Assets	\$6,204	\$153,112	\$0	\$82,475	\$241,791
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$3,450	\$0	\$0	\$0	\$3,450
Unearned revenue	2,388	0	0	0	2,388
Due to other funds	366	0	0	0	366
Total Liabilities	6,204	0	0	0	6,204
Fund Balances					
Restricted for debt service	0	153,112	0	0	153,112
Restricted for capital outlay	0	0	0	82,475	0
Total Fund Balances	0	153,112	0	82,475	235,587
Total Liabilities and Fund Balances	\$6,204	\$153,112	\$0	\$82,475	\$241,791

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

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2013*

	Special Revenue Fund	Debt Retirement Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	2005		Sinking	
		Refunding School Bond	Durant		
Revenues					
Local sources	\$104,197	\$615,602	\$0	\$199,031	\$918,830
State sources	12,107	0	6,021	0	18,128
Federal sources	68,606	0	0	0	68,606
Total Revenues	184,910	615,602	6,021	199,031	1,005,564
Expenditures					
Food service	196,320	0	0	0	196,320
Capital outlay	0	0	0	116,556	116,556
Debt service	0	614,426	6,021	0	620,447
Total Expenditures	196,320	614,426	6,021	116,556	933,323
Excess (Deficiency) of Revenues Over Expenditures	(11,410)	1,176	0	82,475	72,241
Other Financing Uses					
Operating transfer in	11,410	0	0	0	11,410
Net Change in Fund Balances	0	1,176	0	82,475	83,651
Fund Balances - Beginning of year	0	151,936	0	0	151,936
Fund Balances - End of year	\$0	\$153,112	\$0	\$82,475	\$235,587

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

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Food sales	\$104,504	\$103,950	\$104,031	\$81
Other	0	0	166	166
Total Local Sources	104,504	103,950	104,197	247
State Sources:				
Restricted grants	9,676	12,107	12,107	0
Federal Sources:				
Restricted grants	67,089	59,025	59,028	3
Commodities	9,000	9,000	9,578	578
Total Federal Sources	76,089	68,025	68,606	581
Total Revenues	190,269	184,082	184,910	828
Expenditures				
Purchases services	111,286	99,533	99,114	419
Supplies and materials	99,022	87,845	87,605	240
Capital outlay	0	7,760	7,756	4
Other	1,740	1,850	1,845	5
Total Expenditures	212,048	196,988	196,320	668
Excess (Deficiency) of Revenue Over Expenditures	(21,779)	(12,906)	(11,410)	1,496
Other Financing Sources (Uses)				
Operating transfer in	21,779	12,906	11,410	(1,496)
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0

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

*2005 Refunding School Bond Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$621,994	\$613,834	\$615,406	\$1,572
Investment income	0	0	196	196
Total Revenues	621,994	613,834	615,602	1,768
Expenditures				
Debt service:				
Principal	330,000	330,000	330,000	0
Interest and fiscal charges	283,594	283,594	283,594	0
Other	1,000	925	832	93
Total Expenditures	614,594	614,519	614,426	93
Net Change in Fund Balances	7,400	(685)	1,176	1,861
Fund Balance - Beginning of year	146,813	151,936	151,936	0
Fund Balance - End of year	<u>\$154,213</u>	<u>\$151,251</u>	<u>\$153,112</u>	<u>\$1,861</u>

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

*Durant Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
State Sources:				
Durant settlement	\$6,021	\$6,021	\$6,021	\$0
Total Revenues	6,021	6,021	6,021	0
Expenditures				
Debt service:				
Principal	5,747	5,747	5,747	0
Interest	274	274	274	0
Total Expenditures	6,021	6,021	6,021	0
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

*Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Property taxes	\$200,643	\$198,029	\$199,004	\$975
Investment income	0	25	27	2
	<u>200,643</u>	<u>198,054</u>	<u>199,031</u>	<u>977</u>
Total Revenues				
Expenditures				
Capital outlay:				
Purchase services	2,500	11,605	11,601	4
Supplies	0	50	5	45
Capital outlay	160,000	103,550	103,512	38
Other	1,000	1,438	1,438	0
	<u>163,500</u>	<u>116,643</u>	<u>116,556</u>	<u>87</u>
Total Expenditures				
Net Change in Fund Balances	37,143	81,411	82,475	1,064
Fund Balance - Beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of year	<u>\$37,143</u>	<u>\$81,411</u>	<u>\$82,475</u>	<u>\$1,064</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, 2013*

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets				
Cash	\$126,977	\$149,161	\$159,930	\$116,208
Due from athletics	0	50	0	50
Total assets	<u>\$126,977</u>	<u>\$149,211</u>	<u>\$159,930</u>	<u>\$116,258</u>
 Liabilities				
Due to student groups	\$112,567	\$132,392	\$128,825	\$116,134
Due to general fund	12,674	15,413	28,087	0
Due to athletics	1,714	1,266	2,980	0
Due to food service	22	140	38	124
Total liabilities	<u>\$126,977</u>	<u>\$149,211</u>	<u>\$159,930</u>	<u>\$116,258</u>

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

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2013*

	Due to (From) Student Groups July 1, 2012	Receipts	Disbursements	Due to (From) Student Groups June 30, 2013
Due to School District:				
Athletic Officials	\$831	\$7,302	\$7,686	\$447
Elementary Claws	172	0	0	172
Elementary Activity	2,421	4,317	5,712	1,026
Employee Recognition	300	0	0	300
Families in Need Program	64	723	678	109
High School - Audio Visual	1,860	3,351	3,312	1,899
S.E. Work Experience	1	0	0	1
XYZ Club	1,767	249	271	1,745
Interest	0	63	63	0
Michigan Sales Tax	914	2,004	2,004	914
Kindergarten	15	362	377	0
First Grade	684	488	1,134	38
Second Grade	216	679	674	221
Third Grade	(4)	1,062	451	607
Fourth Grade	262	3,277	3,391	148
Fifth Grade	(7)	2,219	1,873	339
Sixth Grade	1,442	827	799	1,470
Graduated-carryover	4,898	310	0	5,208
Class of 2012	158	158	316	0
Class of 2013	1,484	2,645	4,129	0
Class of 2014	1,578	5,901	4,007	3,472
Class of 2015	1,281	1,093	1,121	1,253
Class of 2016	0	765	432	333
Bobcat Archery	379	750	486	643
Varsity Baseball	856	5,862	6,706	12
Basketball - Boys	531	3,071	1,206	2,396
Cheerleaders	227	775	231	771
Cross Country	149	7,185	6,219	1,115
Varsity Football	2,815	12,884	9,575	6,124
Hubbard Concessions	1,866	8,769	7,742	2,893
High School Girls Track	79	2,073	2,109	43
Basketball-Girls	702	1,604	1,641	665
Volleyball	154	1,718	1,774	98
Cheerleaders-MS	17	500	19	498
Basketball-J.V. Boys	405	0	405	0
Binder Scholarship	2,024	0	250	1,774
Bischoff Scholarship	13,043	0	100	12,943
Lennard Scholarship	56	50	100	6
Seegert Scholarship	26,795	0	1,500	25,295
Van Hove Scholarship	1,565	0	0	1,565

**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, 2013*

	Due to (From) Student Groups July 1, 2012	Receipts	Disbursements	Due to (From) Student Groups June 30, 2013
(Concluded)				
King Scholarship	\$0	\$2,375	\$100	\$2,275
Whiteford Community Scholarship	1,187	350	1,150	387
WRC Scholarship	0	1,000	0	1,000
Liz Lykowski Scholarship	3,465	1,100	0	4,565
Class of '76 Scholarship	363	987	1,250	100
Winters Scholarship	0	1,000	0	1,000
Elementary Art	534	0	209	325
MS/HS Art	91	252	256	87
Band	1	0	0	1
Building Trades	3,425	469	79	3,815
Elementary Camp	6,225	14,039	17,344	2,920
Challenge Day	478	2,000	2,457	21
Choir-All	83	250	1	332
Elementary Crafting For Literacy	768	250	496	522
Science Fair	459	260	262	457
Honor Society	236	753	723	266
Horticulture Club	269	0	0	269
Elementary Journalism	(6)	80	1	73
High School Journalism	4,037	11,112	10,020	5,129
Middle School Journalism	147	1,488	1,599	36
Elementary Library	1,554	3,391	2,934	2,011
High School Library	4,012	6	603	3,415
Life Management	337	0	0	337
Put-in-Bay	6,241	1,712	4,845	3,108
MS Red Ribbon week	80	4	84	0
MS Recycling	297	50	290	57
Solar Sprint	896	0	0	896
Spanish Club	85	0	0	85
Elementary Student Council	156	684	226	614
Student Council - High School	4,261	2,064	2,214	4,111
Student Council - Middle School	284	3,146	3,060	370
Legacy	602	300	2	900
Elementary Special Education	0	234	127	107
Total Due to Student Groups	\$112,567	\$132,392	\$128,825	\$116,134

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

*Summary of 2012 Tax Levy
Year Ended June 30, 2013*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	18.00	\$40,969,631	\$737,453
General Fund operating - commercial	6.00	5,633,435	33,801
2005 Debt Retirement Fund	3.10	189,399,343	587,138
2005 Debt Retirement Fund - IFT	1.55	2,526,400	3,916
Sinking Fund	1.00	189,399,343	189,399
Sinking Fund - IFT	0.50	2,526,400	1,263
			<u>1,552,970</u>
Summerfield Township			
General Fund operating - non-homestead	18.00	269,011	4,842
2005 Debt Retirement Fund	3.10	1,715,914	5,319
Sinking Fund	1.00	1,715,914	1,716
			<u>11,877</u>
Riga Township			
General Fund operating - non-homestead	18.00	622,817	11,211
General Fund operating - commercial	6.00	39,300	236
2005 Debt Retirement Fund	3.10	6,914,459	21,434
Sinking Fund	1.00	6,914,459	6,914
			<u>39,795</u>
Total			<u><u>\$1,604,642</u></u>
Summary			
General Fund operating - non-homestead		41,861,459	\$753,506
General Fund operating - commercial		5,672,735	34,037
2005 Debt Retirement Fund		198,029,716	613,891
2005 Debt Retirement Fund - IFT		2,526,400	3,916
Sinking Fund		198,029,716	198,029
Sinking Fund - IFT		2,526,400	1,263
			<u><u>\$1,604,642</u></u>

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

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2013*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Technology enhancement millage	\$168,800	\$168,807	\$7
Total Revenues	168,800	168,807	7
Expenditures			
Instruction:			
Salaries	1,000	1,000	0
Fringe benefits	324	320	4
Purchase services	9,085	8,931	154
Supplies	3,450	3,281	169
Capital outlay	13,600	13,202	398
Other	24,078	43,696	(19,618)
Total Instruction	51,537	70,430	(18,893)
Support:			
Salaries	37,993	37,717	276
Fringe benefits	19,793	18,380	1,413
Purchase services	15,462	16,421	(959)
Supplies	2,275	1,889	386
Capital outlay	95,200	95,028	172
Other	723	678	45
Total Support	171,446	170,113	1,333
Total Expenditures	222,983	240,543	(17,560)
Net Change in Fndd Balance	(54,183)	(71,736)	17,567
Restricted for Technology Enhancement - Beginning of Year	45,226	91,694	46,468
Restricted for Technology Enhancement - End of Year	(\$8,957)	\$19,958	\$64,035

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

*Schedule of Athletics
Budget and Actual
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources:				
Admissions	\$29,400	\$27,278	\$27,332	\$54
Participation fees	29,800	30,490	30,990	500
Other	0	4,200	6,207	2,007
Total Revenues	\$59,200	\$61,968	\$64,529	\$2,561
Expenditures				
Pupil Transportation:				
Salaries	\$8,450	\$4,675	\$4,353	\$322
Employee benefits	3,143	1,756	1,543	213
Purchased services	1,500	550	531	19
Athletics:				
Salaries	88,079	93,064	89,774	3,290
Employee benefits	27,729	28,348	27,162	1,186
Purchased services	21,883	23,975	23,713	262
Supplies and materials	4,325	2,680	1,582	1,098
Capital outlay	0	5,225	5,222	3
Total Expenditures	\$156,359	\$163,875	\$157,357	\$6,518

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

*Schedule of Expenditures of Federal Awards
June 30, 2013*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Passed Through State Department of Education:		
Title I	121530-1112	\$83,650
Title I	131530-1213	74,859
Title II Part A	120520-1112	40,860
Title II Part A	130520-1213	37,306
Total Passed Through State Dept. of Education		236,675
 <u>U.S. Department of Health and Human Services</u>		
Passed Through Intermediate School District:		
Medicaid Outreach	93.778	651
 <u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
National School Lunch Program		
121960 All Lunches	10.555	58,060
131960 All Lunches	10.555	46,629
		104,689
121970 Breakfast	10.553	9,515
131970 Breakfast	10.553	6,167
		15,682
		120,371
U.S.D.A. Donated Commodities Entitlements	10.555	9,578
Total U.S. Department of Agriculture		129,949
Total Federal Financial Assistance		\$367,275

See accompanying notes to this schedule

Accrued (Deferred) Revenue July 1, 2012	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2013
\$0	\$60,135	\$3,302	\$3,302	\$0
0	0	67,124	50,287	16,837
3,847	16,647	860	4,707	0
0	0	10,531	9,185	1,346
<u>3,847</u>	<u>76,782</u>	<u>81,817</u>	<u>67,481</u>	<u>18,183</u>
<u>\$0</u>	<u>\$1,069</u>	<u>651</u>	<u>\$651</u>	<u>\$0</u>
\$0	\$52,430	5,630	\$5,630	\$0
0	0	46,629	46,629	0
0	52,430	52,259	52,259	0
0	8,913	602	602	0
0	0	6,167	6,167	0
0	8,913	6,769	6,769	0
0	61,343	59,028	59,028	0
0	12,271	9,578	9,578	0
<u>\$0</u>	<u>\$73,614</u>	<u>68,606</u>	<u>\$68,606</u>	<u>\$0</u>
		<u>\$151,074</u>		

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

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013*

SUMMARY OF AUDIT RESULTS:

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



COOLEY HEHL
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Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural Schools as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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 & Carlton". The signature is written in black ink and is positioned above the date.

October 8, 2013



**COOLEY HEHL
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Very truly yours,

October 8, 2013



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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, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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 & Carlton".

October 8, 2013



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

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

October 8, 2013

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, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 18, 2013. 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 2013, Whiteford Agricultural Schools implemented Governmental Accounting Standard Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board issued Statement 65, *Items Previously Reported as Assets and Liabilities*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

To the Board of 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 8, 2013.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Education
Whiteford Agricultural Schools

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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,

Coolley Hehl Wohlgamuth & Carlton