

**Richmond Community Schools**

**Richmond, Michigan**

**Annual Financial Statements  
and  
Independent Auditors' Report**

**June 30, 2014**

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**Richmond Community Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2014**

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Members of the Board of Education

Margaret Teltow	President
Traci Bartell	Vice President
Jeffrey Theut	Treasurer
Dan Hill	Secretary
Andre Oderkirk	Trustee
Robert Reindel	Trustee
Bridget Smith	Trustee

Administration

Brian Walmsley	Superintendent
Vicki Laseke	Business Manager

## **Independent Auditors' Report**

Management and the Board of Education  
Richmond Community Schools  
Richmond, Michigan

### **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 Richmond Community Schools, as of and for the year ended June 30, 2014, 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.

### ***Auditors' 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 auditors' 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 the Richmond Community Schools, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters:**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, 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 Richmond Community Schools' basic financial statements. The list of the Members of the Board of Education and Administration and other supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

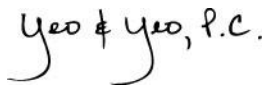
The list of the Members of the Board of Education and Administration has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Prior Year Information***

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Richmond Community Schools' financial statements as of and for the year ended June 30, 2013, which are not presented with the accompanying financial statements. In our report dated September 9, 2013, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Richmond Community Schools' financial statements as a whole. The 2013 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the financial statements from which they have been derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2014 on our consideration of Richmond Community Schools' 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 Richmond Community Schools' internal control over financial reporting and compliance.



Flint, Michigan  
October 16, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS





## *Management's Discussion & Analysis*

Richmond Community Schools, a K-12 school district located in Macomb and St. Clair Counties, Michigan, is subject to the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34), and has fulfilled those provisions with the enclosed financial statements. This section of the annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

In accordance with the GASB 34 reporting requirements the audit reports the school district's financial position with two types of financial statements. Government-wide financial statements aggregate the information for all of the funds managed by the school district. The fund level audit and reporting provides detail at the level that the district uses in managing the functions of the school district.

### **Overview of the Financial Statements**

**District-Wide Financial Statements:** The district-wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long-term. All of the various "funds" are compiled together in the district-wide financial statements. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the district-wide financial statements. The Statement of Net Position and the Statement of Net Activities are the two district-wide financial statements produced, and these statements are reflective of the changes required by GASB 34.

**Fund Financial Statements:** Fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

Fund financial statements comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." The District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant fund(s). The Richmond Community School's other funds for the 2013-2014 fiscal year consist of is: Food Service Fund, Capital Projects and Debt Funds.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

**Adoption of New Accounting Standards:** There was no significant new standards adopted during the fiscal year.

### Financial Analysis of District-Wide Financial Statements

The District's combined net position increased by \$478,259 to \$4,324,382 from \$3,846,123. The reason for the increase in net position is primarily a result of the annual retirement of general obligation bonds. A summary of net position is provided below:

#### Summary of Net Position

	June 30, 2014	June 30, 2013
<b>Assets:</b>		
Current Assets	\$ 16,096,272	\$ 5,365,910
Capital Assets	31,375,631	29,000,627
Less: Accumulated depreciation	(11,046,128)	(10,312,071)
Capital Assets, net book value	20,329,503	18,688,556
<b>Deferred Outflows of Resources:</b>		
Deferred amount on refunding	222,023	-
<b>Total Assets and Deferred Outflows</b>	<b>\$ 36,647,798</b>	<b>\$ 24,054,466</b>
<b>Liabilities:</b>		
Current Liabilities	\$ 4,788,192	\$ 3,456,885
Long-Term Liabilities	27,535,224	16,751,458
<b>Total Liabilities</b>	<b>32,323,416</b>	<b>20,208,343</b>
<b>Net Position:</b>		
Net investment in capital assets	2,734,195	2,401,910
Restricted net position	230,748	377,972
Unrestricted net position	1,359,439	1,066,241
<b>Total Net Position</b>	<b>4,324,382</b>	<b>3,846,123</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 36,647,798</b>	<b>\$ 24,054,466</b>

## Results of District Operations:

*Changes in Net Position:* Restricted Net Position represents the assets held in the Debt, Capital Projects and Food Service Funds. As mentioned previously, the change in Net Position is a result of the annual retirement of general obligation bonds.

**Governmental Activities:** The District's total revenues decreased approximately \$383,355, primarily due to the decrease in Pupil State Aid Membership. The full time equivalent count for students in 2014 was 1,559.25, a decrease of 85.30 students from 2013. Property taxes for debt fund use saw minimal changes, as the debt levy remained unchanged. State sources of revenue decreased \$168,653 due to the retirement of the PA 152 Durant Refunding serial bonds debt. Relatively minor increases/decreases in the other revenue categories account for the remaining revenue decreases.

The District's total expenditures decreased \$133,435 this is mainly due to the one-time loss on the sale of capital assets in 2013 of about \$400,000, combined with an increase of \$331,874 in supporting services expenditures due, in part, to weather conditions that increased operational costs. Debt Fund experienced a decrease in expenses as compared to 2013 of \$175,731 due to decreased principal payments. The Capital Projects expenses increased due to voter approved bond projects which began construction in 2014 and will continue through 2014-15. Relatively minor increases/decreases in the non major fund expenditure categories account for the remaining differences.

### Financial Analysis of the District's Funds

Due to the economic conditions of the State of Michigan and the uncertain state funding for public schools, along with legislation that impacts pupil accounting, and student achievement measurement tied to funding the District is attempting to maintain a stable financial position within its governmental funds. At the end of the 2013-14 fiscal year, the combined governmental fund balances was \$ 11.4 million, an increase of approximately \$9.4 million from the prior year, due to the issuance of bonds, Series 1 and Series 2. Approximately \$1,269,800 of the \$ 11.4 million represents the District's General Fund balance. The District's Debt Retirement, Capital Projects and Nonmajor Governmental fund balances are approximately \$241,067, \$9,805,291 and \$95,066, respectively. Greater detail about the performance of the District funds is provided on the following page:

	June 30, 2014	June 30, 2013
<b>Revenues:</b>		
<b>Governmental:</b>		
<b>General:</b>		
Property taxes for operations	\$ 2,230,155	\$ 2,225,424
Property taxes for debt service	1,740,006	1,737,592
Unrestricted state aid	8,707,704	9,336,456
Insurance recoveries	-	13,428
Other general revenues	98,012	91,931
Total general	12,775,877	13,404,831
<b>Operating Grants:</b>		
Federal	1,003,306	1,057,648
State of Michigan & Other	1,193,255	848,677
Total operating grants	2,196,561	1,906,325
<i>Total governmental revenues</i>	14,972,438	15,311,156
<b>Charges for services</b>		
Food service	178,867	172,823
Community services	128,923	180,105
Others	92,332	91,831
<i>Total charges for services</i>	400,122	444,759
<b>Total Revenues</b>	<b>\$ 15,372,560</b>	<b>\$ 15,755,915</b>
<b>Expenses:</b>		
Instruction and instructional support	\$ 8,408,700	\$ 8,428,705
Support services	5,307,538	4,975,664
Food service	431,795	431,410
Community services	41,931	48,140
Interest on long-term debt	704,337	741,378
Loss on sale of capital assets	-	402,439
<b>Total Expenses</b>	<b>\$ 14,894,301</b>	<b>\$ 15,027,736</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 478,259</b>	<b>\$ 728,179</b>
<b>Beginning Net Position, as restated</b>	<b>3,846,123</b>	<b>3,117,944</b>
<b>Ending Net Assets</b>	<b>\$ 4,324,382</b>	<b>\$ 3,846,123</b>

**General Fund Budgetary Highlights:** The District amended its budget twice during the 2013/2014 fiscal year. The original budget was presented in June prior to the start of the fiscal year, an amended budget was presented in February 2014, and then a final amended budget was presented the following June just prior to the fiscal year ending.

A comparison of the District's original budget in June 2014 is compared to the District final amended budget in June 2014 for the general fund.

	<b>Final Budget June 2014</b>	<b>Original Budget June 2013</b>	<b>Variance</b>
<b>Total Revenues</b>	<b>\$ 13,409,020</b>	<b>\$ 13,299,579</b>	<b>\$ 109,441</b>
Expenses:			
Salaries	7,010,194	6,989,299	20,895
Benefits	3,740,795	3,744,621	(3,826)
Purchased Services	1,728,846	1,672,531	56,315
Supplies	835,231	708,756	126,475
Capital Outlay and Others	325,801	303,403	22,398
<b>Total Expenses</b>	<b>13,640,867</b>	<b>13,418,610</b>	<b>222,257</b>
<b>Change in Fund Balance</b>	<b>\$ (231,847)</b>	<b>\$ (119,031)</b>	<b>\$ (112,816)</b>

From June 2013 to June 2014, the General Fund-fund balance was projected to decline. Budgeted revenue increased from the original budget approved in June 2013 to June 2014 by \$109,441, primarily due to the inclusion of the Best Practice Incentive and Medicaid revenue. Budgeted expenses fluctuated throughout the year as operational needs changed and more current information became available.

The final budget from June 2014 is also compared to the District's 2013-2014 actual financial results below.

	<u>Final Actual June 2014</u>	<u>Final Budget June 2014</u>	<u>Variance Fav/(Unfav)</u>
<b>Total Revenues</b>	<b>\$ 13,264,882</b>	<b>\$ 13,389,950</b>	<b>\$ (125,068)</b>
Expenses:			
Salaries	6,995,590	7,010,194	14,604
Benefits	3,751,625	3,740,795	(10,830)
Purchased Services	1,655,520	1,728,846	73,326
Supplies	742,636	835,231	92,595
Capital Outlay and Others	299,144	325,801	26,657
<b>Total Expenses</b>	<b><u>13,444,515</u></b>	<b><u>13,640,867</u></b>	<b><u>196,352</u></b>
<b>Change in Fund Balance</b>	<b><u>\$ (179,633)</u></b>	<b><u>\$ (250,917)</u></b>	<b><u>\$ 71,284</u></b>

Revenues finished below budget projections while expenses ended the year better than expected.

**Debt Retirement Fund Budgetary Highlights:** The fund balance for the debt retirement fund decreased by \$129,781. At this point the fund balance in the debt account represents 15% of the 2014/15 principal and interest payments. The District will continue to monitor taxable valuations as it looks to its 2014 debt tax levy.

### **Factors bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The District is impacted by the passage of 2014-15 School Aid Act which will provide a \$50 per pupil increase in the Foundation Grant for districts at the minimum Foundation Allowance of \$7,026 to \$7,076 in an effort to reduce the gap in funding between the districts receiving the minimum Foundation Allowance and those receiving the maximum Foundation Allowance for the 2014-15 fiscal year. In addition, the new section 22c appropriates the 2014 Equity payment to a permanent increase to districts with the minimum foundation and the 2015 Equity payment is equal to \$125 for districts with a minimum foundation of \$7,126 for a total per pupil foundation of \$7,251.
- The Patient Protection and Affordable Care Act (PPACA), although delayed in implementation of some of its major provisions, continues to be a growing concern and is analyzed annually by the District as it determines how it impacts the District's budget.
- The Membership Blend is 90% of the October count and 10% of the subsequent February count, as well as, Section 25e that allows districts to count a partial FTE for pupils who transfer after the Pupil Membership Count Day.
- With the implementation of the several new federal and state laws, many potential changes to the way the school District carries out its instruction may change. Funding will also be dependent on the District's performance. Additional State requirements in the areas of curriculum, growth assessment online, and general reporting are putting added pressure on finite resources.
- Best Practices for 2015 will be paid at \$50 per pupil. The Best Practices funding will be paid based on the requirement to meet seven of nine revised Best Practices.
- The District has expanded its Early Childhood Programs for three and four year olds, including the addition of a Great Start Readiness Program.
- The District voters passed a \$12.9 million bond for capital projects. District technology improvements include: technology infrastructure upgrades, classroom technology, and student devices. In addition to technology, there is a four science classroom addition at the High School, and building renovations and improvements throughout the District. The bonds were issued in three series, \$8.1 million in 2013, \$3.4 million in 2014, and the final series will be issued in 2018 for \$1.4 million.
- At the time of this report, the District has all of its labor agreements in place through 2014-2015 with its teachers, administrators and secretarial bargaining units. The District is currently in negotiations with its paraprofessionals, transportation and food services bargaining units.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Richmond School District, 35276 Division Road, Richmond, MI 48062.

## BASIC FINANCIAL STATEMENTS



**Richmond Community Schools**  
**Statement of Net Position**  
**June 30, 2014**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 4,707,134
Accounts receivable	16,560
Due from other governmental units	2,054,329
Due from trust and agency funds	2,069
Interest receivable	1,881
Investments	9,294,546
Prepaid items	19,753
Capital assets not being depreciated	2,342,966
Capital assets - net of accumulated depreciation	<u>17,986,537</u>
 Total assets	 <u>36,425,775</u>
 <b>Deferred outflows of resources</b>	
Deferred amount on debt refunding	<u>222,023</u>
 Total assets and deferred outflows of resources	 <u>36,647,798</u>

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Statement of Net Position**  
**June 30, 2014**

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	<u>Governmental Activities</u>
<b>Liabilities</b>	
Accounts payable	\$ 1,725,166
State aid anticipation note payable	1,600,000
Due to other governmental units	96,850
Due to agency fund activities	5,000
Payroll deductions and withholdings	87,074
Accrued expenditures	417,414
Accrued salaries payable	818,220
Unearned revenue	38,468
Noncurrent liabilities	
Due within one year	1,656,711
Due in more than one year	<u>25,878,513</u>
Total liabilities	<u>32,323,416</u>
<b>Net Position</b>	
Net investment in capital assets	3,178,241
Restricted for:	
Food service	92,825
Debt service	137,923
Unrestricted	<u>915,393</u>
Total net position	<u>\$ 4,324,382</u>

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

		<u>Program Revenues</u>		Net (Expense)
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 8,408,700	\$ -	\$ 1,608,039	\$ (6,800,661)
Supporting services	5,307,538	92,332	351,364	(4,863,842)
Food services	431,795	178,867	219,454	(33,474)
Community services	41,931	128,923	17,704	104,696
Interest on long-term debt	<u>704,337</u>	<u>-</u>	<u>-</u>	<u>(704,337)</u>
Total governmental activities	<u>\$ 14,894,301</u>	<u>\$ 400,122</u>	<u>\$ 2,196,561</u>	<u>(12,297,618)</u>
General revenues				
				2,230,155
Property taxes, levied for general purposes				1,740,006
Property taxes, levied for debt service				8,707,704
State aid - unrestricted				4,287
Interest and investment earnings				4,070
Proceeds from sale of capital assets				<u>89,655</u>
Other				
Total general revenues				<u>12,775,877</u>
Change in net position				478,259
Net position - beginning				<u>3,846,123</u>
Net position - ending				<u>\$ 4,324,382</u>

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2014**

	General Fund	Debt Funds	2013 Capital Projects Fund	2014 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash	\$ 2,162,346	\$ 247,683	\$ 1,975,933	\$ -	\$ 321,172	\$ 4,707,134
Accounts receivable	16,456	-	-	-	104	16,560
Due from other funds	246,966	-	9,597	-	-	256,563
Due from other governmental units	2,039,680	-	-	-	14,649	2,054,329
Due from agency fund activities	-	-	-	-	2,069	2,069
Interest receivable	-	-	1,852	29	-	1,881
Investments	-	-	5,905,470	3,389,076	-	9,294,546
Prepaid items	19,753	-	-	-	-	19,753
Total assets	<u>\$ 4,485,201</u>	<u>\$ 247,683</u>	<u>\$ 7,892,852</u>	<u>\$ 3,389,105</u>	<u>\$ 337,994</u>	<u>\$ 16,352,835</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ 258,224	\$ -	\$ 1,173,234	\$ 293,708	\$ -	\$ 1,725,166
State aid anticipation note payable	1,600,000	-	-	-	-	1,600,000
Due to other funds	-	6,616	127	9,597	240,223	256,563
Due to other governmental units	95,162	-	-	-	1,688	96,850
Due to agency fund activities	5,000	-	-	-	-	5,000
Payroll deductions and withholdings	87,074	-	-	-	-	87,074
Accrued expenditures	314,270	-	-	-	-	314,270
Accrued salaries payable	817,203	-	-	-	1,017	818,220
Unearned revenue	38,468	-	-	-	-	38,468
Total liabilities	<u>3,215,401</u>	<u>6,616</u>	<u>1,173,361</u>	<u>303,305</u>	<u>242,928</u>	<u>4,941,611</u>
<b>Fund Balance</b>						
Non-spendable						
Prepaid items	19,753	-	-	-	-	19,753
Restricted for:						
Food service	-	-	-	-	92,825	92,825
Debt service	-	241,067	-	-	-	241,067
Capital projects	-	-	6,719,491	3,085,800	2,241	9,807,532
Assigned for:						
Budgeted excess expenditures over revenue	391,368	-	-	-	-	391,368
Unassigned	858,679	-	-	-	-	858,679
Total fund balance	<u>1,269,800</u>	<u>241,067</u>	<u>6,719,491</u>	<u>3,085,800</u>	<u>95,066</u>	<u>11,411,224</u>
Total liabilities and fund balance	<u>\$ 4,485,201</u>	<u>\$ 247,683</u>	<u>\$ 7,892,852</u>	<u>\$ 3,389,105</u>	<u>\$ 337,994</u>	<u>\$ 16,352,835</u>

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2014**

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<b>Total fund balances for governmental funds</b>	<b>\$ 11,411,224</b>
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,342,966
Capital assets - net of accumulated depreciation	17,986,537
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(103,144)
Deferred amounts on debt refunding are not available to reduce debt in the current period and are not reported in the funds.	222,023
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(296,964)
Bonds payable	(27,180,817)
Other loans payable and liabilities	<u>(57,443)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 4,324,382</u></b>

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	General Fund	Debt Funds	2013 Capital Projects Fund	2014 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Local sources	\$ 2,535,138	\$ 1,745,933	\$ 4,227	\$ 60	\$ 178,867	\$ 4,464,225
State sources	9,923,865	-	-	-	22,027	9,945,892
Federal sources	805,879	-	-	-	197,427	1,003,306
Total revenues	13,264,882	1,745,933	4,227	60	398,321	15,413,423
<b>Expenditures</b>						
Current						
Education						
Instruction	8,219,684	-	-	-	-	8,219,684
Supporting services	5,037,751	-	-	-	-	5,037,751
Food services	-	-	-	-	409,846	409,846
Community services	39,800	-	-	-	-	39,800
Capital outlay	-	-	1,653,251	476,060	53,516	2,182,827
Debt service						
Principal	120,000	1,180,000	-	-	-	1,300,000
Interest and other expenditures	27,280	695,714	-	36,745	-	759,739
Total expenditures	13,444,515	1,875,714	1,653,251	512,805	463,362	17,949,647
Deficiency of revenues over expenditures	(179,633)	(129,781)	(1,649,024)	(512,745)	(65,041)	(2,536,224)

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	General Fund	Debt Funds	2013 Capital Projects Fund	2014 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>						
Proceeds from issuance of bonds	-	-	8,129,970	3,355,030	-	11,485,000
Premium on issuance of bonds	-	-	238,545	243,515	-	482,060
Proceeds from sale of capital assets	4,070	-	-	-	-	4,070
Transfers in	16,816	-	-	-	-	16,816
Transfers out	-	-	-	-	(16,816)	(16,816)
Total other financing sources (uses)	20,886	-	8,368,515	3,598,545	(16,816)	11,971,130
Net change in fund balance	(158,747)	(129,781)	6,719,491	3,085,800	(81,857)	9,434,906
Fund balance - beginning	1,428,547	370,848	-	-	176,923	1,976,318
Fund balance - ending	<u>\$ 1,269,800</u>	<u>\$ 241,067</u>	<u>\$ 6,719,491</u>	<u>\$ 3,085,800</u>	<u>\$ 95,066</u>	<u>\$ 11,411,224</u>

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2014**

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<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 9,434,906</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	(44,933)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(734,057)
Capital outlay	2,375,004
Expenses are recorded when incurred in the statement of activities.	
Interest	9,082
Special termination benefits	62,982
Compensated absences	(3,985)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as financing sources or expenditures in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(11,967,060)
Repayments of long-term debt	1,300,000
Amortization of deferred amount on refunding	(23,200)
Amortization of premiums	70,600
Amortization of bond discount	(1,080)
<b>Change in net position of governmental activities</b>	<b><u>\$ 478,259</u></b>

See Accompanying Notes to Financial Statements



**Richmond Community Schools**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

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	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash	\$ 332,227	\$ 189,918
Due from other funds	<u>5,000</u>	<u>-</u>
Total assets	<u>\$ 337,227</u>	<u>\$ 189,918</u>
<b>Liabilities</b>		
Due to other funds	-	2,069
Due to agency fund activities	<u>-</u>	<u>187,849</u>
Total liabilities	<u>-</u>	<u>\$ 189,918</u>
<b>Net Position</b>		
Assets held for scholarships and loans	<u>\$ 337,227</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Fiduciary Funds**  
**Private Purpose Trust Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2014**

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	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Interest and investment earnings	\$ <u>1,159</u>
<b>Deductions</b>	
Scholarships	<u>5,000</u>
Change in net position	(3,841)
Net position - beginning	<u>341,068</u>
Net position - ending	<u><u>\$ 337,227</u></u>

See Accompanying Notes to Financial Statements

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Richmond Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three

parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

**Fund Financial Statements**

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

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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School District 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 government.

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

The School District reports the following major governmental funds:

*General Fund* – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

*Debt Funds* – The Debt Funds are used to record tax and interest revenue and the payment of long-term debt principal, interest, and related cost of all debt issuances.

*2013 and 2014 Capital Project Funds* - Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, building, equipment, and for remodeling and repairs. These funds are kept open until the purpose for which the funds were created has been accomplished.

Additionally, the School District reports the following fund types:

*Special Revenue Fund* – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Fund includes the Food Service Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

*Fiduciary Funds* – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. This fund is used to record the transactions of student groups for school and school-related purposes.

**Assets, Liabilities and Equity**

*Receivables and Payables* – Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2014, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	4.00000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. The tax roll of the District lies within St. Clair and Macomb Counties.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the applicable county and remitted to the School District by June 30.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with

an initial individual cost in excess of \$ 5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Compensated Absences – Sick days are earned by most employees at the rate of one day per month. Unused sick days may be accumulated by an employee in amounts determined by job category and range from ninety days to unlimited. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category. Employees are eligible for vacation pay based on job category, ranging from zero to twenty-three days. No vacation days may be carried forward to subsequent years. Upon termination, some categories of employees are paid, on a pro-rated basis, for unused vacation earned during the year of termination.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave balances and earned unused vacation. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The amount reported is salary related and does not include

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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fringe benefits, since the amount of said benefits would be immaterial.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts are reported as other financing uses.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have formally been set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the board of education.

Assigned – amounts intended to be used for specific purposes, as determined by the board of education or the Superintendent. The board of education has granted the Superintendent the authority to assign funds. Residual

amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Upcoming Accounting and Reporting Changes**

The Government Accounting Standards Board ("The GASB") has issued Statement 68, *Accounting and Financial Reporting for Pensions*, and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability will be recorded on the government-wide statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. The District is evaluating the impact these standards will have on its financial reporting. Statements 68 and 71 are effective for the year ending June 30, 2015.

The GASB has also issued Statement 69, *Government Combinations and Disposals of Government Operations*. Statement 69 provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity. Statement 69 is effective for the year ending June 30, 2015.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 6,803,909	\$ 6,809,883	\$ 5,974
Pupil	1,025,419	1,038,487	13,068
General administration	306,314	309,147	2,833
Pupil transportation services	436,750	441,635	4,885

**Compliance Bond Proceeds**

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital project activities, management believes the School District has complied, in all material respects, with the applicable provision of section 1351a of the State of Michigan Revised School Code, Act 451 of 1976. The following is a summary of the revenue and expenditures in the 2006, 2008, 2013, and 2014 Capital Project Funds from the inception of the funds through the current fiscal year.

2008 School Building and Site Bonds			
	Current Year		Total
Revenues	\$ -	\$	6,803,014
Expenditures	53,516		6,800,773

2013 School Building and Site Bonds			
	Current Year		Total
Revenues	\$ 8,134,197	\$	8,134,197
Expenditures	1,653,251		1,653,251

2014 School Building and Site Bonds			
	Current Year		Total
Revenues	\$ 3,355,090	\$	3,355,090
Expenditures	512,805		512,805



**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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**NOTE 3 - DEPOSITS AND INVESTMENTS**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 4,707,134	\$ 522,145	\$ 5,229,279
Investments	<u>9,294,546</u>	<u>-</u>	<u>9,294,546</u>
	<u><u>\$ 14,001,680</u></u>	<u><u>\$ 522,145</u></u>	<u><u>\$ 14,523,825</u></u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 14,523,475
Petty cash and cash on hand	<u>350</u>
Total	<u><u>\$ 14,523,825</u></u>

*Concentration of credit risk* – The District has no policy that would limit the amount that may be invested with any one issuer.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$ 8,601,139 of the District's bank balance of \$ 15,006,609 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Interest rate risk* – The District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

*Credit risk* – 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 an office 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.

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in governmental capital assets is as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 7,129	\$ -	\$ -	\$ 7,129
Construction in progress	-	2,335,837	-	2,335,837
Total capital assets not being depreciated	7,129	2,335,837	-	2,342,966
Capital assets being depreciated				
Buildings and additions	23,668,088	-	-	23,668,088
Site improvements	4,145,994	-	-	4,145,994
Equipment and furniture	204,092	39,167	-	243,259
Buses and other vehicles	975,324	-	-	975,324
Total capital assets being depreciated	28,993,498	39,167	-	29,032,665
Less accumulated depreciation for				
Buildings and additions	8,186,018	513,825	-	8,699,843
Site improvements	1,299,645	139,444	-	1,439,089
Equipment and furniture	107,478	21,815	-	129,293
Buses and other vehicles	718,930	58,973	-	777,903
Total accumulated depreciation	10,312,071	734,057	-	11,046,128
Net capital assets being depreciated	18,681,427	(694,890)	-	17,986,537
Net capital assets	<u>\$ 18,688,556</u>	<u>\$ 1,640,947</u>	<u>\$ -</u>	<u>\$ 20,329,503</u>

Depreciation expense for the fiscal year ended June 30, 2014 amounted to \$ 734,057. The School District allocated depreciation to the various governmental activities as follows:

<b>Governmental activities</b>	
Instruction	\$ 440,190
Support services	269,787
Food services	21,949
Community services	<u>2,131</u>
Total governmental activities	<u>\$ 734,057</u>

**Construction Contracts**

As of year end, the School District has approximately \$ 5,770,000 in commitments remaining on contracts related to capital project fund activities.

**NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS**

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
2008 Building & Site	General Fund	\$ 743
Food Service	General Fund	239,480
Debt Service	General Fund	6,616
2013 Capital Projects	General Fund	127
General Fund	2014 Capital Projects	<u>9,597</u>
	Total governmental funds	<u>\$ 256,563</u>
Agency Fund	Food Service Fund	<u>\$ 2,069</u>
General Fund	Trust Fund	<u>\$ 5,000</u>

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consisted of the following:

	<u>Transfers Out</u>
	Other Governmental Funds
	<u>                    </u>
<u>Transfers in</u>	
General Fund	<u>\$ 16,816</u>

These transfers were made to reimburse the general fund for allowable costs and to relieve amounts owed between funds.

**NOTE 6 - UNEARNED REVENUE**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue consisted of \$ 32,768 in grant payments received prior to meeting all eligibility requirements and \$ 5,700 of child care dues received in advance.

**NOTE 7 - STATE AID ANTICIPATION NOTE**

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>. The balance consists of two notes issued through the Michigan Finance Authority at interest rates of 1.05% and 1.378%. The total amount borrowed for the fiscal year was \$ 1,600,000.

Short-term debt activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>

**NOTE 8 - LONG-TERM DEBT**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

Long-term obligation activity is summarized as follows:

	Beginning			Ending	Amount Due
	Balance	Additions	Reductions	Balance	Within One
					Year
General obligation bonds	\$ 15,160,000	\$ 11,485,000	\$ 1,180,000	\$ 25,465,000	\$ 1,475,000
Unamortized bond discount	(6,165)		(1,080)	(5,085)	-
Energy conservation					
improvement bonds	685,000	-	120,000	565,000	130,000
Compensated absences	292,979	3,985	-	296,964	-
Premium on bonds	744,442	482,060	70,600	1,155,902	-
Special termination					
benefits	120,425	-	62,982	57,443	51,711
Total	<u>\$ 16,996,681</u>	<u>\$ 11,971,045</u>	<u>\$ 1,432,502</u>	<u>\$ 27,535,224</u>	<u>\$ 1,656,711</u>

For governmental activities, compensated absences and special termination benefits are primarily liquidated by the general fund.

General obligation bonds payable at year end consist of the following:

\$ 12,300,000 Bond refunding serial bond due in annual installments of \$ 975,000 to \$ 1,175,000 through May 1, 2022, interest at 3.00% to 5.00%	\$ 8,880,000
\$ 6,575,000 serial bonds due in annual installments of \$ 250,000 to \$ 575,000 through May 1, 2027, interest at 3.50% to 4.125%	5,100,000
\$ 8,125,000 serial bonds due in annual installments of \$ 1,055,000 to \$ 1,585,000 from May 2023 through May 2028 with interest payable annually beginning 2015 at 3.25% to 4.25%	8,125,000
\$ 3,360,000 serial bonds due in annual installments of \$ 250,000 to \$ 485,000 from May 2015 through May 2022, interest at 3.00% to 4.00%	<u>3,360,000</u>
Total general obligation bonded debt	<u>\$ 25,465,000</u>

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2015	\$ 1,475,000	\$ 1,162,120	\$ 2,637,120
2016	1,705,000	991,213	2,696,213
2017	1,775,000	918,313	2,693,313
2018	1,855,000	842,413	2,697,413
2019	1,910,000	757,637	2,667,637
2020-2024	9,020,000	2,578,450	11,598,450
2025-2028	7,725,000	705,406	8,430,406
Total	<u>\$ 25,465,000</u>	<u>\$ 7,955,552</u>	<u>\$ 33,420,552</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$ 241,067 to pay this debt. Future debt and interest will be payable from future tax levies.

**Energy Conservation Improvement Bonds**

The 2006 Energy Conservation Improvement Bonds are due May 1, 2018. The bonds are issued under the Qualified Zone Academy Bond program. Interest is at 3.60% to 4.00%.

Future principal and interest requirements are as follows:

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2015	\$ 130,000	\$ 22,600	\$ 152,600
2016	135,000	17,400	152,400
2017	145,000	12,000	157,000
2018	155,000	6,200	161,200
Total	<u>\$ 565,000</u>	<u>\$ 58,200</u>	<u>\$ 623,200</u>

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Compensated Absences**

Accrued compensated absences at year end, consists of \$ 1,330 of vacation time earned and vested and \$ 295,634 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

**Special Termination Benefits**

During fiscal years 2007-2010 the District offered voluntary severance plans to employees to retire during or before June 30 of those respective fiscal years. The final payment on this plan is during the 2015-16 fiscal year. The balance of the retirement incentive plans as of year end was \$ 57,443.

Future payments are as follows:

Year Ending June 30,	
2015	\$ 51,711
2016	<u>5,732</u>
Total	<u>\$ 57,443</u>

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were \$ 49,931 and \$ 682,713, respectively.

**Defeased Debt**

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

The final payment date is May 1, 2022. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2010 Issue refunded	<u>\$ 13,120,000</u>
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**Deferred amount on debt refunding**

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2022.

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for worker's compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District participates in a public entity risk pool through the School Employers Group. With the exception of unemployment described below, this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. There were no unemployment claims paid during the year.

**NOTE 10 - PENSION PLANS AND POST EMPLOYMENT BENEFITS**

**Plan Description**

The School District has a group of defined benefit and defined contribution retirement plans covering substantially all employees. The plans are operated by the State of Michigan's Public School Employees' Retirement System (MPSERS), which is a cost-sharing multiple-employer public employee retirement system (PERS).

The plans provide retirement, survivor and disability benefits to plan members and their beneficiaries.

The system also provides postemployment healthcare benefits to retirees and their beneficiaries who elect to receive the benefits.

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, under the authority established by the Michigan Public School Employees Retirement Act (Retirement Act), as enacted and amended by the Michigan Legislature. The Michigan Legislature has the authority to amend the Retirement Act. The Michigan Department of Technology, Management and Budget issues a publicly-available financial report that includes financial statements and required supplemental information for MPSERS. The report provides information for the plans as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671, calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

Full details on each of these plans are available on the MPSERS website at the address provided above.

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Pension Benefits**

Employer contributions to MPSERS result from the applying rules and applicable changes of the School Finance Reform Act. Accordingly, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. Depending on the plan selected, a plan member's contribution may range from 0% to 7% of their gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

For the period July 1, 2013 through September 30, 2013, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF (first worked September 4, 2012 or later)	Pension Plus to DC with PHF (first worked September 4, 2012 or later)	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
Defined contribution plan employer contributions:							
DC	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

For the period October 1, 2013 through June 30, 2014, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF (first worked September 4, 2012 or later)	Pension Plus to DC with PHF (first worked September 4, 2012 or later)	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	5.52%	6.45%	5.52%	6.45%	5.52%	5.52%
Defined contribution plan employer contributions:							
DC	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

**Richmond Community Schools**  
**Notes to Financial Statements**  
**June 30, 2014**

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The School District's required and actual contributions to the plans for the years ended June 30, 2014, 2013, and 2012 were approximately \$ 1,225,000, \$ 1,066,000, and \$ 964,000, respectively. Contributions made by the participants of the plan for the year ended June 30, 2014 were approximately \$ 13,000.

**Post Employment Benefits**

In addition to the pension benefits described above, state law requires the School District to provide post-retirement healthcare benefits for eligible retirees and beneficiaries through the Michigan Public School Employees Retirement System (MPERS).

The 2012 Retirement Reform included changes to retiree healthcare benefits. New employees hired after the effective date who elect this benefit are enrolled in the defined contribution Personal Healthcare Fund. This establishes a portable tax-deferred account in which the participant contributes 2% of their salary, and receives a 2% employer match. These funds can be used to pay for healthcare expenses in retirement.

Employees working prior to the enactment of the 2012 Retirement Reform have two options: (a) the Personal Healthcare Fund, or (b) the defined benefit Premium Subsidy benefit.

Employees electing the defined benefit Premium Subsidy benefit contribute 3% of their compensation, and the employer contributes an actuarially determined percent of payroll for all participants. Upon retirement members receive a premium subsidy towards health, dental and vision insurance. The subsidy is a percent of the premium cost, with the percentage varying based on several factors.

The District's actual contributions match the required contributions.

For the periods July 1, 2013 through September 30, 2013, and October 1, 2013 through June 30, 2014, the employer contribution rate ranged from 8.18% to 9.11% and 5.52% to 6.45%, respectively. See the two tables above for rates.

The District's actual contributions match the required contributions for the years ended June 30, 2014, 2013, and 2012 and were approximately \$ 480,000, \$ 635,000, and \$ 682,000, respectively.

**Unfunded Accrued Actuarial Liability**

During the year ended June 30, 2014, the District had contributions in the amount of \$ 349,824 to the Michigan Public School Employee Retirement System (MPERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 4.56% for the year. These contributions are not included in the above tables.

**NOTE 11 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2014.



## REQUIRED SUPPLEMENTARY INFORMATION

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**Richmond Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$ 2,514,950	\$ 2,510,948	\$ 2,535,138	\$ 24,190
State sources	9,986,525	9,894,805	9,923,865	29,060
Federal sources	798,104	984,197	805,879	(178,318)
Total revenues	13,299,579	13,389,950	13,264,882	(125,068)
<b>Expenditures</b>				
Instruction				
Basic programs	6,700,819	6,803,909	6,809,883	5,974
Added needs	1,378,205	1,501,844	1,409,801	(92,043)
Supporting services				
Pupil	1,033,804	1,025,419	1,038,487	13,068
Instructional staff	491,065	517,388	462,807	(54,581)
General administration	295,648	306,314	309,147	2,833
School administration	993,687	1,000,141	981,564	(18,577)
Business	513,523	504,152	484,933	(19,219)
Operations and maintenance	991,235	972,262	958,568	(13,694)
Pupil transportation services	462,181	436,750	441,635	4,885
Central	20,200	32,396	24,773	(7,623)
Athletics	338,988	344,065	335,837	(8,228)
Community services	46,975	48,947	39,800	(9,147)
Capital outlay	5,000	-	-	-
Debt service				
Principal	120,000	120,000	120,000	-
Interest and fiscal charges	27,280	27,280	27,280	-
Total expenditures	13,418,610	13,640,867	13,444,515	(196,352)
Excess (deficiency) of revenues over expenditures	(119,031)	(250,917)	(179,633)	71,284

**Richmond Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	4,070	4,070	-
Transfers in	-	15,000	16,816	(1,816)
Total other financing sources (uses)	-	19,070	20,886	(1,816)
Net change in fund balance	(119,031)	(231,847)	(158,747)	73,100
Fund balance - beginning	1,428,547	1,428,547	1,428,547	-
Fund balance - ending	<u>\$ 1,309,516</u>	<u>\$ 1,196,700</u>	<u>\$ 1,269,800</u>	<u>\$ 73,100</u>

## OTHER SUPPLEMENTARY INFORMATION

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**Richmond Community Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>2008 School Building &amp; Site Bonds</u>	
<b>Assets</b>			
Cash	\$ 318,188	\$ 2,984	\$ 321,172
Accounts receivable	104	-	104
Due from other governmental units	14,649	-	14,649
Due from agency fund activities	<u>2,069</u>	<u>-</u>	<u>2,069</u>
Total assets	<u>\$ 335,010</u>	<u>\$ 2,984</u>	<u>\$ 337,994</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Due to other funds	\$ 239,480	\$ 743	\$ 240,223
Due to other governmental units	1,688	-	1,688
Accrued salaries payable	<u>1,017</u>	<u>-</u>	<u>1,017</u>
Total liabilities	<u>242,185</u>	<u>743</u>	<u>242,928</u>
Fund Balance			
Restricted for:			
Food Service	92,825	-	92,825
Capital Projects	<u>-</u>	<u>2,241</u>	<u>2,241</u>
Total fund balance	<u>92,825</u>	<u>2,241</u>	<u>95,066</u>
Total liabilities and fund balance	<u>\$ 335,010</u>	<u>\$ 2,984</u>	<u>\$ 337,994</u>

**Richmond Community Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	Special Revenue Fund	Capital Project Funds		Total Nonmajor Governmental Funds
	Food Service	2008 School Building & Site Bonds	Building & Site	
<b>Revenues</b>				
Local sources	\$ 178,867	\$ -	\$ -	\$ 178,867
State sources	22,027	-	-	22,027
Federal sources	197,427	-	-	197,427
Total revenues	398,321	-	-	398,321
<b>Expenditures</b>				
Current				
Education				
Food services	409,846	-	-	409,846
Capital outlay	-	53,516	-	53,516
Total expenditures	409,846	53,516	-	463,362
Deficiency of revenues over expenditures	(11,525)	(53,516)	-	(65,041)
<b>Other Financing Uses</b>				
Transfers out	(15,000)	-	(1,816)	(16,816)
Net change in fund balance	(26,525)	(53,516)	(1,816)	(81,857)
Fund balance - beginning	119,350	55,757	1,816	176,923
Fund balance - ending	\$ 92,825	\$ 2,241	\$ -	\$ 95,066

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2014**

	2014	2013
<b>Assets</b>		
Cash	\$ 2,162,346	\$ 2,422,786
Accounts receivable	16,456	10,778
Due from other funds	246,966	33,865
Due from other governmental units	2,039,680	2,224,011
Due from agency fund activities	-	88,082
Prepaid items	19,753	26,905
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 4,485,201</u>	<u>\$ 4,806,427</u>
<b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts payable	258,224	340,967
State aid anticipation note payable	1,600,000	1,600,000
Due to other funds	-	1,866
Due to other governmental units	95,162	130,531
Due to agency fund activities	5,000	-
Payroll deductions and withholdings	87,074	89,920
Accrued expenditures	314,270	206,082
Accrued salaries payable	817,203	785,658
Unearned revenue	38,468	177,923
	<u>          </u>	<u>          </u>
Total liabilities	<u>3,215,401</u>	<u>3,332,947</u>
<b>Deferred inflows of resources</b>		
Unavailable revenue - state aid	<u>-</u>	<u>44,933</u>
<b>Fund Balance</b>		
Non-spendable		
Prepaid items	19,753	26,905
Assigned for:		
Budgeted excess expenditures over revenue	391,368	119,031
Unassigned	858,679	1,282,611
	<u>          </u>	<u>          </u>
Total fund balance	<u>1,269,800</u>	<u>1,428,547</u>
	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 4,485,201</u>	<u>\$ 4,806,427</u>

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue from local sources</b>				
Property tax levy	\$ 2,299,900	\$ 2,221,301	\$ 2,241,976	\$ 20,675
Transportation fees	8,000	14,588	16,324	1,736
Student activities	85,000	93,698	92,332	(1,366)
Community service activities	75,000	128,653	128,923	270
Other local revenues	47,050	52,708	55,583	2,875
Total revenues from local sources	2,514,950	2,510,948	2,535,138	24,190
<b>Revenues from state sources</b>				
Grants - unrestricted	8,993,767	8,703,114	8,752,637	49,523
Grants - restricted	992,758	1,191,691	1,171,228	(20,463)
Total revenues from state sources	9,986,525	9,894,805	9,923,865	29,060
<b>Revenues from federal sources</b>				
Grants	798,104	984,197	805,879	(178,318)
<b>Other financing sources</b>				
Proceeds from sale of capital assets	-	4,070	4,070	-
Transfers in	-	15,000	16,816	1,816
Total other financing sources	-	19,070	20,886	1,816
Total revenue and other financing sources	\$ 13,299,579	\$ 13,409,020	\$ 13,285,768	\$ (123,252)



**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - elementary</b>				
Salaries	\$ 1,373,261	\$ 1,377,298	\$ 1,391,199	\$ 13,901
Employee benefits	757,546	760,637	762,575	1,938
Purchased services	76,466	87,525	90,065	2,540
Supplies and materials	75,065	79,236	75,122	(4,114)
Total elementary	2,282,338	2,304,696	2,318,961	14,265
<b>Basic program - middle school</b>				
Salaries	1,221,963	1,212,772	1,215,552	2,780
Employee benefits	664,057	655,870	667,074	11,204
Purchased services	34,667	25,013	24,634	(379)
Supplies and materials	26,000	26,000	25,345	(655)
Total middle school	1,946,687	1,919,655	1,932,605	12,950
<b>Basic program - high school</b>				
Salaries	1,383,290	1,475,916	1,448,206	(27,710)
Employee benefits	787,679	828,028	844,773	16,745
Purchased services	140,795	125,465	129,456	3,991
Supplies and materials	61,940	61,940	49,878	(12,062)
Other	56,654	57,510	57,905	395
Total high school	2,430,358	2,548,859	2,530,218	(18,641)

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - pre-school</b>				
Salaries	19,149	15,555	15,232	(323)
Employee benefits	7,188	5,818	5,859	41
Purchased services	-	400	482	82
	<u>26,337</u>	<u>21,773</u>	<u>21,573</u>	<u>(200)</u>
<b>Basic program - summer school</b>				
Salaries	3,210	-	-	-
Employee benefits	1,236	5	5	-
Purchased services	10,653	8,921	6,521	(2,400)
	<u>15,099</u>	<u>8,926</u>	<u>6,526</u>	<u>(2,400)</u>
<b>Added needs - special education</b>				
Salaries	528,801	531,103	539,896	8,793
Employee benefits	263,827	277,459	281,021	3,562
Purchased services	17,946	16,631	21,359	4,728
Supplies and materials	5,200	5,376	3,841	(1,535)
	<u>815,774</u>	<u>830,569</u>	<u>846,117</u>	<u>15,548</u>

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Added needs - compensatory education</b>				
Salaries	212,763	221,031	198,168	(22,863)
Employee benefits	83,719	94,392	88,855	(5,537)
Purchased services	9,089	51,165	20,984	(30,181)
Supplies and materials	24,377	105,456	64,277	(41,179)
Other	3,104	2,799	-	(2,799)
Total compensatory education	333,052	474,843	372,284	(102,559)
<b>Added needs - career and technical education</b>				
Salaries	67,393	47,631	47,887	256
Employee benefits	43,282	24,563	24,461	(102)
Purchased services	95,500	97,280	97,344	64
Supplies and materials	23,204	26,958	21,708	(5,250)
Total career and technical education	229,379	196,432	191,400	(5,032)
<b>Pupil - guidance services</b>				
Salaries	195,792	203,571	211,798	8,227
Employee benefits	100,812	104,599	108,036	3,437
Total guidance services	296,604	308,170	319,834	11,664
<b>Pupil - psychological services</b>				
Purchased services	15,000	25,908	25,897	(11)

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Pupil - speech services</b>				
Salaries	134,295	126,865	132,872	6,007
Employee benefits	76,091	74,185	77,765	3,580
Purchased services	700	-	-	-
Supplies and materials	850	285	626	341
Total speech services	211,936	201,335	211,263	9,928
<b>Pupil - social work services</b>				
Salaries	101,232	101,232	101,232	-
Employee benefits	57,218	57,355	57,072	(283)
Purchased services	9,900	10,230	10,230	-
Supplies and materials	500	500	489	(11)
Total social work services	168,850	169,317	169,023	(294)
<b>Pupil - teacher consultant</b>				
Salaries	161,636	148,180	143,289	(4,891)
Employee benefits	100,192	91,945	87,361	(4,584)
Purchased services	-	-	22	22
Total teacher consultant	261,828	240,125	230,672	(9,453)
<b>Pupil - other support services</b>				
Salaries	53,000	54,454	53,996	(458)
Employee benefits	19,836	20,165	20,407	242
Purchased services	6,750	5,945	7,395	1,450
Total other pupil support services	79,586	80,564	81,798	1,234

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Instructional staff - improvement of education</b>				
Salaries	19,420	27,526	7,461	(20,065)
Employee benefits	9,618	11,114	17,306	6,192
Purchased services	12,522	60,583	18,116	(42,467)
Supplies and materials	1,830	5,355	-	(5,355)
Other	50	50	-	(50)
Total improvement of education	43,440	104,628	42,883	(61,745)
<b>Instructional staff - educational media services</b>				
Salaries	57,400	58,241	61,644	3,403
Employee benefits	34,437	34,369	35,139	770
Purchased services	1,500	1,598	1,588	(10)
Supplies and materials	4,500	3,250	1,178	(2,072)
Total educational media services	97,837	97,458	99,549	2,091
<b>Instructional staff - technology assisted instruction</b>				
Salaries	45,000	50,000	50,000	-
Employee benefits	16,695	17,907	18,321	414
Purchased services	44,500	27,839	25,795	(2,044)
Supplies and materials	3,000	17,065	18,006	941
Total technology assisted instruction	109,195	112,811	112,122	(689)

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Instructional staff - supervision and direction of instructional staff</b>				
Salaries	152,921	132,340	145,486	13,146
Employee benefits	78,252	64,369	56,958	(7,411)
Purchased services	3,200	3,562	2,840	(722)
Supplies and materials	2,000	2,000	1,989	(11)
Other	220	220	129	(91)
Total supervision and direction of instructional staff	236,593	202,491	207,402	4,911
<b>Instructional staff - academic student assessment</b>				
Supplies and materials	4,000	-	851	851
<b>General administration - board of education</b>				
Purchased services	37,435	39,131	39,696	565
Other	6,000	6,033	5,787	(246)
Total board of education	43,435	45,164	45,483	319
<b>General administration - executive administration</b>				
Salaries	155,860	166,262	170,804	4,542
Employee benefits	87,603	89,968	89,376	(592)
Purchased services	1,500	1,920	1,753	(167)
Supplies and materials	750	1,300	681	(619)
Other	6,500	1,700	1,050	(650)
Total executive administration	252,213	261,150	263,664	2,514

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>School administration - office of the principal</b>				
Salaries	611,575	622,746	621,958	(788)
Employee benefits	333,867	334,971	322,673	(12,298)
Purchased services	28,000	22,179	20,584	(1,595)
Supplies and materials	16,500	16,500	13,522	(2,978)
Other	3,745	3,745	2,827	(918)
Total office of the principal	993,687	1,000,141	981,564	(18,577)
<b>Business - fiscal services</b>				
Salaries	71,718	72,942	73,822	880
Employee benefits	61,467	63,520	65,803	2,283
Purchased services	116,600	116,956	115,036	(1,920)
Supplies and materials	5,000	5,000	4,200	(800)
Other	1,400	500	514	14
Total fiscal services	256,185	258,918	259,375	457
<b>Business - other</b>				
Salaries	70,821	62,982	62,982	-
Employee benefits	7,007	4,818	4,818	-
Purchased services	119,010	74,095	76,684	2,589
Other	60,500	103,339	81,074	(22,265)
Total other business	257,338	245,234	225,558	(19,676)

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Operations and maintenance - operating building services</b>				
Salaries	1,000	1,000	832	(168)
Employee benefits	14,205	364	314	(50)
Purchased services	608,834	600,011	604,999	4,988
Supplies and materials	346,500	357,041	343,593	(13,448)
Other	8,350	1,500	1,461	(39)
Total operating building services	978,889	959,916	951,199	(8,717)
<b>Operations and maintenance - security services</b>				
Purchased services	12,346	12,346	7,369	(4,977)
<b>Pupil transportation services</b>				
Salaries	228,130	182,821	192,749	9,928
Employee benefits	94,458	81,335	74,475	(6,860)
Purchased services	62,253	90,484	94,155	3,671
Supplies and materials	72,740	80,985	79,139	(1,846)
Other	4,600	1,125	1,117	(8)
Total transportation services	462,181	436,750	441,635	4,885
<b>Central - planning, research development and evaluation</b>				
Supplies and materials	-	-	411	411
<b>Central - staff/personnel services</b>				
Purchased services	-	9,696	10,242	546
Supplies and materials	-	2,500	104	(2,396)
Total staff/personnel services	-	12,196	10,346	(1,850)



**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Central - support services technology</b>				
Purchased services	20,200	20,200	14,016	(6,184)
<b>Athletic activities</b>				
Salaries	94,063	94,126	89,803	(4,323)
Employee benefits	35,275	35,439	33,901	(1,538)
Purchased services	176,650	181,500	179,133	(2,367)
Supplies and materials	33,000	33,000	33,000	-
Total athletic activities	338,988	344,065	335,837	(8,228)
<b>Community services - community activities</b>				
Salaries	3,500	3,984	-	(3,984)
Employee benefits	1,295	769	(3)	(772)
Purchased services	-	4,730	868	(3,862)
Supplies and materials	800	800	-	(800)
Total community activities	5,595	10,283	865	(9,418)
<b>Community services - custody and care of children</b>				
Salaries	17,000	17,000	17,975	975
Employee benefits	5,974	6,004	6,999	995
Supplies and materials	1,000	150	142	(8)
Total custody and care of children	23,974	23,154	25,116	1,962

**Richmond Community Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Community services - non-public school pupils</b>				
Salaries	5,106	2,616	747	(1,869)
Employee benefits	1,785	827	281	(546)
Purchased services	10,515	7,533	8,257	724
Supplies and materials	-	4,534	4,534	-
Total non-public school pupils	17,406	15,510	13,819	(1,691)
<b>Capital outlay</b>				
Operations and maintenance - operating building services	5,000	-	-	-
<b>Debt service</b>				
Principal	120,000	120,000	120,000	-
Interest and other expenditures	27,280	27,280	27,280	-
Total debt service	147,280	147,280	147,280	-
Total expenditures	\$ 13,418,610	\$ 13,640,867	\$ 13,444,515	\$ (196,352)

**Richmond Community Schools**  
**Other Supplementary Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2014**

<u>Year Ending June 30,</u>	<u>2006 Issue</u>	<u>2008 Issue</u>	<u>2010 Refunding</u>	<u>2013 Series A</u>	<u>2014 Series B</u>	<u>Total</u>
2015	\$ 130,000	\$ 250,000	\$ 975,000	\$ -	\$ 250,000	\$ 1,605,000
2016	135,000	250,000	1,025,000	-	430,000	1,840,000
2017	145,000	250,000	1,070,000	-	455,000	1,920,000
2018	155,000	250,000	1,120,000	-	485,000	2,010,000
2019	-	250,000	1,175,000	-	485,000	1,910,000
2020	-	300,000	1,175,000	-	410,000	1,885,000
2021	-	350,000	1,170,000	-	415,000	1,935,000
2022	-	400,000	1,170,000	-	430,000	2,000,000
2023	-	525,000	-	1,055,000	-	1,580,000
2024	-	550,000	-	1,070,000	-	1,620,000
2025	-	575,000	-	1,395,000	-	1,970,000
2026	-	575,000	-	1,470,000	-	2,045,000
2027	-	575,000	-	1,550,000	-	2,125,000
2028	-	-	-	1,585,000	-	1,585,000
Total	<u>\$ 565,000</u>	<u>\$ 5,100,000</u>	<u>\$ 8,880,000</u>	<u>\$ 8,125,000</u>	<u>\$ 3,360,000</u>	<u>\$ 26,030,000</u>
Principal payments due the first day of	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	
Interest rate	3.60% - 4.00%	3.50% - 4.125%	3.00% - 5.00%	3.25% - 4.25%	3.00% - 4.00%	
Original issue	<u>\$ 1,325,000</u>	<u>\$ 6,575,000</u>	<u>\$ 12,300,000</u>	<u>\$ 8,125,000</u>	<u>\$ 3,360,000</u>	