

# **Richmond Community Schools**

## **Financial Statements**

**June 30, 2021**



## Table of Contents

<u>Section</u>	<u>Page</u>
1 <b>Members of the Board of Education and Administration</b>	1 - 1
2 <b>Independent Auditors' Report</b>	2 - 1
3 <b>Management's Discussion and Analysis</b>	3 - 1
4 <b>Basic Financial Statements</b>	
District-wide Financial Statements	
Statement of Net Position	4 - 1
Statement of Activities	4 - 3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4 - 4
Reconciliation of the Balance Sheet of	
Governmental Funds to the Statement of Net Position	4 - 5
Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 6
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 7
Fiduciary Funds	
Statement of Fiduciary Net Position	4 - 8
Statement of Changes in Fiduciary Net Position	4 - 9
Notes to the Financial Statements	4 - 10
5 <b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	5 - 1
Schedule of the School District's Proportionate Share of the Net Pension Liability	5 - 3
Schedule of the School District's Pension Contributions	5 - 4
Schedule of the School District's Proportionate Share of the Net OPEB Liability	5 - 5
Schedule of the School District's OPEB Contributions	5 - 6

Section

Page

6

**Other Supplementary Information**

Nonmajor Governmental Funds

Combining Balance Sheet

6 - 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

6 - 2

Schedule of Outstanding Bonded Indebtedness

6 - 3

**Richmond Community Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2021**

---

Members of the Board of Education

Deborah Michon	President
Angela Pacitto	Vice President
Danielle Sutton	Treasurer
Bridgette Shuboy	Secretary
Kyle Simmons	Trustee
Margaret Teltow	Trustee
Sherri Zube	Trustee

Administration

Brian Walmsley, Ed.S.	Superintendent
Tammie Schadd	Business Manager



800.968.0010 | yeoandyeo.com

## 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, 2021, 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, 2021, 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.

## **Adoption of New Accounting Standard**

As described in Note 1 to the financial statements, during the year ended June 30, 2021, the School District adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions 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. Other supplementary information, as identified in the table of contents, is presented for purpose of additional analysis and is 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Richmond Community Schools' 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.

*Yeo & Yeo, P.C.*

Flint, Michigan  
October 29, 2021

## 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 management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. 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 used by the District in managing its functions.

### **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 2020-2021 fiscal year consist of the Food Service Fund, Student Activity Fund, Capital Projects Fund, 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.

## Financial Analysis of District-Wide Financial Statements

The District's combined net position increased by \$1,125,403 to (\$18,935,129) from (\$20,060,532). The increase in net position is due to several factors – see page 4-7 of the accompanying financial statements for more information. The most significant factors are related to the implementation of GASB 84 and the decreasing payment obligations of Net Pension Liability (NPL) and Other Postemployment Benefits (OPEB). The implementation of GASB 84 resulted in a restatement of the beginning net position with a total change of \$196,312. In addition, other primary factors include depreciation expense of about \$1.4 million and debt payments of just under \$2.1 million.

### Summary of Net Position

	Fiscal Year Ended June 30	
	2021	2020
Current assets	\$ 30,585,703	\$ 42,359,560
Capital assets - net of depreciation	39,715,659	23,369,199
<b>Total Assets</b>	<b>70,301,362</b>	<b>65,728,759</b>
Deferred outflows of resources	9,708,423	10,015,646
<b>Total Assets and Deferred Outflows</b>	<b>80,009,785</b>	<b>75,744,405</b>
Current liabilities	8,695,779	3,953,336
Long-term liabilities	85,607,173	87,704,776
<b>Total Liabilities</b>	<b>94,302,952</b>	<b>91,658,112</b>
Deferred Inflows of resources	4,641,962	4,343,137
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>98,944,914</b>	<b>96,001,249</b>
Net investment in capital assets	8,168,035	6,390,435
Restricted for debt service	83,338	444,647
Unrestricted	(27,186,502)	(27,091,926)
<b>Total Net Position</b>	<b>\$ (18,935,129)</b>	<b>\$ (20,256,844)</b>

## Results of District Operations:

*Changes in Net Position:* Restricted Net Position represents the net position restricted for debt service. As mentioned previously, the change in Net Position is primarily due to debt activities (bonds issued and bond payments) and depreciation expense combined with our fund level performance.

	2021	2020
Revenues		
Property taxes levied	\$ 6,770,358	\$ 5,756,461
State aid - unrestricted	9,327,962	8,508,812
Interest and earnings on investments	46,350	115,446
Other general revenues	177,047	243,454
Total general revenues	16,321,717	14,624,173
Charges for services	1,029,426	516,989
Operating grants and contributions	4,878,009	3,461,347
Total revenues	22,229,152	18,602,509
Expenses		
Instruction	10,802,042	9,693,182
Supporting services	7,810,174	7,478,831
Food services	814,059	661,199
Community services	123,387	125,056
Facilities acquisition	-	675,069
Interest on long-term debt	1,554,087	1,113,592
Total expenses	21,103,749	19,746,929
Change in net assets	1,125,403	(1,144,420)
Net assets - July 1, as restated	(20,060,532)	(19,112,424)
Net assets - June 30	\$ (18,935,129)	\$ (20,256,844)

## Financial Analysis of the District's Funds

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

At the end of the 2020-21 fiscal year, the combined governmental fund balance was \$21.8 million, a decrease of approximately \$17.2 million from the prior year. This decrease is the result of significant spending of the 2020 School Building and Site Bonds fund. The amount spent out of this fund was \$17.3 million, which was used to spend on projects specified by the bond.

The District's General Fund balance increased roughly \$508,000 and represents approximately \$1.2 million of the \$21.8 million in combined governmental fund balance. The largest part of the combined fund balance, just above \$19.8 million, is in the 2020 Capital Projects Fund which holds the bond proceeds and premium from the 2020 School Building and Site Bonds; these funds will be used over the next several years for the purposes set forth in the bonding proposal approved by the District's voters in November 2019. The fund balance in Debt Funds totals about \$374,000. The District's Nonmajor Governmental fund balance totals approximately \$375,000, which is held in the Special Revenue Funds (Food Service Fund and Student Activity Fund). Greater detail about the performance of the District's funds is provided on the following pages.

**Governmental Activities:** The District's total revenues increased approximately \$3.3 million. Increases in General Fund revenues make up the largest part of the increase with increases in State sources, Federal sources, as well as, increased Interdistrict sources resulting from the Macomb ISD Enhancement Millage approved by votes in March 2020.

The District's total expenditures increased nearly \$19.5 million primarily as the result of increased expenditures in the 2020 Capital Projects Fund of just under \$16.4 million and in the General Fund of about \$1.5 million. Also, the newly implemented Student Activity Fund had \$116,000 in expenses that was not shown in prior years.

**General Fund Budgetary Highlights:** The District amended its budget three times during the 2020-21 fiscal year. Over the course of the year, the School District revises its budget to adjust for unexpected changes in revenues and expenditures. State law requires the budget be amended to ensure expenditures do not exceed appropriations. The original budget was presented in June prior to the start of the fiscal year, amended budgets were presented in October 2020 and in February 2021, and a final amended budget was presented the following June just prior to the end of the fiscal year.

A comparison of the District's original General Fund budget adopted in June 2020 and the final amended budget approved in June 2021 follows:

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Variance</u>
Total revenues	\$ 14,833,861	\$ 17,789,886	\$ 2,956,025
Total expenditures	<u>14,835,334</u>	<u>17,696,233</u>	<u>2,860,899</u>
Excess (deficiency) of revenues over expenditures	(1,473)	93,653	95,126
Total other financing sources (uses)	<u>2,000</u>	<u>3,568</u>	<u>1,568</u>
Net change in fund balance	527	97,221	96,694
Fund balance - beginning	<u>725,476</u>	<u>725,476</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 726,003</u></u>	<u><u>\$ 822,697</u></u>	<u><u>\$ 96,694</u></u>

Funding projected in June 2020 for the 2020-21 fiscal year changed significantly when the State of Michigan's budgets were approved in September 2020. The global coronavirus pandemic that caused Michigan's Governor to close schools beginning March 16, 2020, through the end of the 2019-20 school year also caused State legislators to expect significantly reduced revenues at the State level for the 2020-21 fiscal year. As a result, school districts were advised to budget for a \$650-\$700 cut in the per pupil foundation.

Even with additional Interdistrict source revenue from the Macomb Intermediate School District Enhancement Millage approved by voters on March 10, 2020, the District was forced to significantly reduce both revenues and expenditures in the original 2020-21 budget. The District's original 2020-21 budget reflected a decrease of \$700 per pupil with no change in enrollment. Staffing was reduced by two teaching positions and by one school administration position. Additional expenditure reductions in the original 2020-21 budget included reductions in specials sections, Schedule B programs, curriculum materials, long-term technology replacements, summer school, election costs, bus replacements and other capital outlay, management services, and advertising.

When the State's 2020-21 budgets were approved in September 2020, the per pupil foundation did not decrease, but instead was restored to \$8,111. The District's enrollment also increased in the October 2020 count. This resulted in increased State funding, and the District was able to restore the reduced teaching and school administration positions, added another teaching position and the Curriculum Director position, and restored many of the other reductions. In addition, Federal COVID-19-related grants were allocated to Districts increasing budgeted Federal revenues and grant expenditures.

The General Fund's final budget from June 2021 is also compared to the 2020-2021 actual financial results below.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Total revenues	\$ 17,789,886	\$ 17,052,754	\$ (737,132)
Total expenses	<u>17,696,233</u>	<u>16,548,777</u>	<u>1,147,456</u>
Excess (deficiency) of revenues over expenditures	93,653	503,977	410,324
Total other financing sources (uses)	<u>3,568</u>	<u>3,568</u>	<u>-</u>
Net change in fund balance	97,221	507,545	410,324
Fund balance - beginning	<u>725,476</u>	<u>725,476</u>	<u>-</u>
Fund balance - ending	<u>\$ 822,697</u>	<u>\$ 1,233,021</u>	<u>\$ 410,324</u>

Revenues finished below budget projections while expenses ended the year better than expected. Local source revenues exceeded budgeted amounts; State grant funds and Federal COVID-19-related grants budgeted in the 2020-2021 fiscal year were not fully expended at June 30, 2021, causing a decrease in both expenditures and State and Federal source revenues. In addition, Federal grant expenditures in the 2020-2021 fiscal year not fully reimbursed during the 2020-2021 revenue recognition period reduced Federal source revenues. These funds will be reimbursed and recognized as revenues in the 2021-2022 fiscal year.

Along with unexpended State and Federal grant funds, the impact of the continuing global coronavirus pandemic, staffing shortages, and supply-chain issues contributed to total expenditures being under budgeted amounts as follows: \$284,000 in salaries, \$261,000 in benefits, \$346,000 in purchased services, \$138,000 in supplies, \$76,000 in capital outlay, and \$42,000 in other expenditures/transactions.

**Debt Retirement Fund Budgetary Highlights:** The fund balance for the Debt Retirement Fund decreased \$478,789. The decrease is primarily due to bond refunding payment made of \$30,000 and other payments on debt.

At this point, the fund balance in the debt account represents 9% of the 2021/22 principal and interest payments. The District will continue to monitor taxable valuations as it looks to its 2022 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 the 2021-22 School Aid Act which increases the per pupil foundation allowance from \$8,111 to \$8,700, an increase of \$589 per pupil. The District remains at the minimum foundation allowance.
- For the 2021-22 school year, the Membership Blend is returned to the 90/10 formula used prior to the global pandemic, which is 90% of the October count and 10% of the PREVIOUS February count.
- Enrollment from the October 2021 count is expected to be higher than the estimated enrollment used for the 2021-22 budget. As a result, three classrooms were added over the number budgeted at the elementary level for Kindergarten, Second Grade, and Fourth Grade, which is three classrooms more than the number in the 2020-21 school year.
- The voters of the Macomb Intermediate School District approved an Enhancement Millage on March 20, 2020. As a result, Richmond Community Schools received over \$652,000 from the millage in the form of Interdistrict revenues in the first year of the levy, 2020-21. The millage is for a term of 10 years.
- The first 2021-22 budget amendment in August 2021 reflected increased revenues because of the foundation increase from the budgeted \$100 per pupil to \$589 per pupil and increased expenditures for an additional teaching position, increased supply budgets, contract settlement increases, and set asides for future capital outlay.
- The District will continue work on projects funded by the bond proposal approved by District voters in the election on November 5, 2019. The projects include adding classrooms and remodeling classrooms at Will L. Lee Elementary School and remodeling classrooms in the Middle School and High School to accommodate projected enrollment increases, replacement of roofing, sidewalks, and parking lots, and other needs, such as safety enhancements, athletic facility improvements, and adding an auxiliary gym to the High School. The District sold the first series of bonds in February 2020; the second and final series is expected to provide \$880,000 and will be sold in 2024.
- The District has adjusted employee medical care offerings as required by the Patient Protection and Affordable Care Act (PPACA). The District continually measures the eligibility of employees and monitors its impact on the budget.
- Early Warning Legislation was implemented in the 2016-17 school year in which the Department of Treasury determines whether the potential exists in each district for fiscal stress, requiring additional oversight and reporting to the State. Richmond Community Schools does not anticipate being identified as such, and the Board of Education is aware of the legislation and its implications.
- The District continues to support its Early Childhood Programs for three- and four-year-olds, including expansion of the Great Start Readiness Program to three full-day classroom programs.
- At the time of this report, the District has labor agreements in place for all of its union groups: administrators (except for wage only openers for administrators for the 2022-23 and 2023-24 years), teachers, secretaries, paraprofessionals, and food service workers.

### **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, 2021**

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 3,077,784
Accounts receivable	61,764
Due from other governmental units	2,795,898
Investments	24,639,457
Prepaid items	10,800
Capital assets not being depreciated	16,204,777
Capital assets - net of accumulated depreciation	<u>23,510,882</u>
 Total assets	 <u>70,301,362</u>
 <b>Deferred outflows of resources</b>	
Deferred amount on the net pension liability	6,794,288
Deferred amount on the net OPEB liability	2,421,781
Deferred amount on debt refunding	<u>492,354</u>
 Total deferred outflows of resources	 <u>9,708,423</u>

See Accompanying Notes to the Financial Statements

**Richmond Community Schools**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	\$ 5,603,856
State aid anticipation note payable	811,744
Due to other governmental units	432,711
Payroll deductions and withholdings	29,939
Accrued expenditures	648,657
Accrued salaries payable	982,874
Unearned revenue	185,998
Long-term liabilities	
Debt due within one year	2,423,157
Debt due in more than one year	49,764,824
Net pension liability	28,854,563
Net OPEB liability	4,564,629
	<u>94,302,952</u>
<b>Deferred inflows of resources</b>	
Deferred amount on the net pension liability	1,209,938
Deferred amount on the net OPEB liability	3,432,024
	<u>4,641,962</u>
<b>Net Position</b>	
Net investment in capital assets	8,168,035
Restricted for	
Debt service	83,338
Unrestricted (deficit)	<u>(27,186,502)</u>
	<u>\$ (18,935,129)</u>

See Accompanying Notes to the Financial Statements

**Richmond Community Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

		<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	10,802,042	\$ -	\$ 3,188,416	\$ (7,613,626)
Supporting services	7,810,174	172,607	917,065	(6,720,502)
Food services	814,059	48,553	727,443	(38,063)
Community services	123,387	808,266	45,085	729,964
Interest and fiscal charges on long-term debt	<u>1,554,087</u>	<u>-</u>	<u>-</u>	<u>(1,554,087)</u>
Total governmental activities	<u>\$ 21,103,749</u>	<u>\$ 1,029,426</u>	<u>\$ 4,878,009</u>	<u>(15,196,314)</u>
General revenues				
Property taxes, levied for general purposes				2,897,861
Property taxes, levied for debt service				3,872,497
State aid - unrestricted				9,327,962
Interest and investment earnings				46,350
Proceeds from sale of capital assets				3,568
Other				<u>173,479</u>
Total general revenues				<u>16,321,717</u>
Change in net position				1,125,403
Net position - beginning, as restated				<u>(20,060,532)</u>
Net position - ending				<u>\$ (18,935,129)</u>

See Accompanying Notes to the Financial Statements

**Richmond Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2021**

	General Fund	Debt Funds	2020 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 2,255,016	\$ 374,018	\$ 90,888	\$ 357,862	\$ 3,077,784
Accounts receivable	61,764	-	-	-	61,764
Due from other funds	-	-	382,202	85,386	467,588
Due from other governmental units	2,753,638	-	-	42,260	2,795,898
Investments	-	-	24,639,457	-	24,639,457
Prepaid items	10,800	-	-	-	10,800
<b>Total assets</b>	<b>\$ 5,081,218</b>	<b>\$ 374,018</b>	<b>\$ 25,112,547</b>	<b>\$ 485,508</b>	<b>\$ 31,053,291</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 325,774	\$ 137	\$ 5,272,284	\$ 5,661	\$ 5,603,856
State aid anticipation note payable	811,744	-	-	-	811,744
Due to other funds	375,064	-	-	92,524	467,588
Due to other governmental units	432,711	-	-	-	432,711
Payroll deductions and withholdings	29,939	-	-	-	29,939
Accrued expenditures	357,562	-	-	552	358,114
Accrued salaries payable	981,773	-	-	1,101	982,874
Unearned revenue	175,425	-	-	10,573	185,998
<b>Total liabilities</b>	<b>3,489,992</b>	<b>137</b>	<b>5,272,284</b>	<b>110,411</b>	<b>8,872,824</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	358,205	-	-	-	358,205
<b>Fund Balances</b>					
<b>Non-spendable</b>					
Prepaid items	10,800	-	-	-	10,800
<b>Restricted for</b>					
Food service	-	-	-	177,229	177,229
Debt service	-	373,881	-	-	373,881
Capital projects	-	-	19,840,263	-	19,840,263
<b>Committed for</b>					
Student activities	-	-	-	197,868	197,868
<b>Unassigned</b>	<b>1,222,221</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,222,221</b>
<b>Total fund balances</b>	<b>1,233,021</b>	<b>373,881</b>	<b>19,840,263</b>	<b>375,097</b>	<b>21,822,262</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,081,218</b>	<b>\$ 374,018</b>	<b>\$ 25,112,547</b>	<b>\$ 485,508</b>	<b>\$ 31,053,291</b>

See Accompanying Notes to the Financial Statements

**Richmond Community Schools**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2021**

---

<b>Total fund balances for governmental funds</b>	<b>\$ 21,822,262</b>
Total net position for governmental activities in the statement of net position is different because	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	358,205
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	16,204,777
Capital assets - net of accumulated depreciation	23,510,882
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(290,543)
Special termination benefits	(49,157)
Deferred outflows (inflows) of resources	
Deferred amounts on debt refunding are not available to reduce debt in the current period and are not reported in the funds.	492,354
Deferred inflows of resources resulting from the net pension liability	(1,209,938)
Deferred outflow of resources resulting from the net pension liability	6,794,288
Deferred inflows of resources resulting from the net OPEB liability	(3,432,024)
Deferred outflow of resources resulting from the net OPEB liability	2,421,781
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(28,854,563)
Net OPEB liability	(4,564,629)
Compensated absences	(258,583)
Bonds payable	<u>(51,880,241)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (18,935,129)</u></b>

See Accompanying Notes to the Financial Statements

**Richmond Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2021**

	General Fund	Debt Funds	2020 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local sources	\$ 3,275,682	\$ 3,883,446	\$ 39,608	\$ 165,140	\$ 7,363,876
State sources	11,636,629	-	-	36,391	11,673,020
Federal sources	1,484,706	-	-	691,052	2,175,758
Interdistrict sources	655,737	-	-	-	655,737
Total revenues	17,052,754	3,883,446	39,608	892,583	21,868,391
<b>Expenditures</b>					
Current					
Education					
Instruction	9,119,373	-	-	-	9,119,373
Supporting services	6,447,772	-	-	115,916	6,563,688
Food services	-	-	-	733,180	733,180
Community services	111,128	-	-	-	111,128
Facilities acquisition	-	-	17,299,136	-	17,299,136
Capital outlay	870,504	-	-	-	870,504
Debt service					
Principal	-	2,080,000	-	-	2,080,000
Interest and other expenditures	-	2,252,235	-	-	2,252,235
Bond issuance costs	-	114,808	-	-	114,808
Payment to bond refunding escrow agent	-	30,000	-	-	30,000
Total expenditures	16,548,777	4,477,043	17,299,136	849,096	39,174,052
Excess (deficiency) of revenues over expenditures	503,977	(593,597)	(17,259,528)	43,487	(17,305,661)
<b>Other Financing Sources (Uses)</b>					
Proceeds from refinancing debt	-	7,480,000	-	-	7,480,000
Payment to bond refunding escrow agent	-	(7,579,422)	-	-	(7,579,422)
Premium on issuance of bonds	-	214,230	-	-	214,230
Proceeds from sale of capital assets	3,568	-	-	-	3,568
Total other financing sources	3,568	114,808	-	-	118,376
Net change in fund balances	507,545	(478,789)	(17,259,528)	43,487	(17,187,285)
Fund balances - beginning, as restated	725,476	852,670	37,099,791	331,610	39,009,547
Fund balances - ending	\$ 1,233,021	\$ 373,881	\$ 19,840,263	\$ 375,097	\$ 21,822,262

See Accompanying Notes to the 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, 2021**

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ (17,187,285)</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	357,193
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	(1,441,194)
Capital outlay	17,787,654
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows of resources related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(1,688,488)
Net change in the deferral of resources related to the net pension liability	(271,107)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows of resources related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	1,317,716
Net change in the deferral of resources related to the net OPEB liability	(613,267)
Expenses are recorded when incurred in the statement of activities.	
Interest	117,480
Special termination benefits	49,157
Compensated absences	6,876
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 a 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	(7,694,230)
Repayments of long-term debt	9,689,422
Amortization of deferred amount on refunding	(49,200)
Amortization of premiums	744,676
<b>Change in net position of governmental activities</b>	<b>\$ 1,125,403</b>

**Richmond Community Schools**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2021**

---

	<u>Custodial Fund</u>
<b>Assets</b>	
Cash	\$ 253,309
Investments	<u>60,000</u>
 Total assets	 <u><u>\$ 313,309</u></u>
 <b>Net Position</b>	
Assets held for scholarships and loans	 <u><u>\$ 313,309</u></u>

See Accompanying Notes to the Financial Statements



**Richmond Community Schools**  
**Fiduciary Funds**  
**Private Purpose Trust Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2021**

---

	<u>Custodial Fund</u>
<b>Additions</b>	
Interest and investment earnings	\$ 992
<b>Deductions</b>	
Scholarships	<u>5,000</u>
Change in net position	(4,008)
Net position - beginning	<u>317,317</u>
Net position - ending	<u><u>\$ 313,309</u></u>

See Accompanying Notes to the Financial Statements

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

**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**

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 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

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

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.

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.

**2020 Capital Projects Fund** – The 2020 Capital Projects Fund is used to record bond proceeds and other revenue and the disbursement of invoices specifically for projects associated with the 2020 bond issue. These funds are kept open until the purpose for which the funds were created have been accomplished.

Additionally, the School District reports the following fund types:

**Special Revenue Fund** – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and the Student Activity 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 Private-Purpose Trust Funds are funds entrusted to the School District for scholarship awards and the principal and interest of the trust may be spent.

**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.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2021, 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	6.95000

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 School 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 consist of certificates of deposit, which are stated at cost, which approximates fair value.

# Richmond Community Schools

## Notes to the Financial Statements

### June 30, 2021

---

**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. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and

OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

**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 consist 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 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

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

received on debt issuance are reported as other financing sources, while discounts are reported as other financing uses.

**Deferred Inflows of Resources** – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

**Postemployment Benefits Other Than Pensions** – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public

School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance** – 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 School District's policy is to consider restricted funds spent first.

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School 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.

**Adoption of New Accounting Standards**

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**Upcoming Accounting and Reporting Changes**

Statement No. 87, *Leases* increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public

partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

**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 functions 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.

**Excess of Expenditures over Appropriations**

The School District did not have significant expenditure budget variances.

**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	\$ 3,077,784	\$ 253,309	\$ 3,331,093
Investments	24,639,457	60,000	24,699,457
	<u>\$ 27,717,241</u>	<u>\$ 313,309</u>	<u>\$ 28,030,550</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 3,390,956
Investments in securities, mutual funds, and similar vehicles	24,639,457
Petty cash and cash on hand	137
Total	<u>\$ 28,030,550</u>



# Richmond Community Schools

## Notes to the Financial Statements

### June 30, 2021

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$ 3,641,451	< 60 days	AAAm	S&P's
MAX Class	13,006	< 60 days	AAAm	S&P's
Michigan Term	20,985,000	< 60 days	AAAkf	Kroll
	<u>24,639,457</u>			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2021, the net asset value of the School District's investment in MILAF + Portfolio was \$ 3,654,457. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

As of June 30, 2021, the net asset value of the School District's investment in the MILAF Term Series was \$ 20,985,000. Participation in the investment pool has not resulted in any unfunded commitments. Shares are purchased to mature upon pre-determined maturity dates

upon initiation of the investment. Districts may prematurely redeem shares, providing they give a minimum of seven days' notice, but may incur an early redemption penalty. The NAV per share for each series of the Michigan Term Series is calculated as of the close of business each business day, for purpose of computing fees, by dividing the total value of investments and other assets less any liabilities by the total outstanding shares. The value of an investors share redemption in a Michigan Term Series will be determined as of the close of business on any day when a share redemption occurs and is equal to the original purchase price for such share, plus dividends thereon at the projected yield, less losses incurred by the series allocable to such share, if any. It is the Trust's intent to manage each series of the Michigan Term Series in a manner that produces a NAV of \$1.00 per share on each planned redemption date, however, there is no assurance that this objective will be achieved.

Interest rate risk – The School District minimizes interest rate risk by structuring investments only in money market mutual funds, the Michigan Liquid Asset fund, and cash investments.

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.

Concentration of credit risk – The School 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 School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$ 3,482,185 of the School

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

District's bank balance of \$ 3,982,185 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial credit risk – investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

**Note 4 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 7,129	\$ -	\$ -	\$ 7,129
Construction in progress	669,739	15,564,150	36,241	16,197,648
Total capital assets not being depreciated	676,868	15,564,150	36,241	16,204,777
Capital assets being depreciated				
Buildings and additions	34,220,704	1,281,724	-	35,502,428
Site improvements	4,173,368	158,847	-	4,332,215
Equipment and furniture	848,312	533,358	-	1,381,670
Buses and other vehicles	1,225,386	285,816	130,412	1,380,790
Total capital assets being depreciated	40,467,770	2,259,745	130,412	42,597,103
Less accumulated depreciation for				
Buildings and additions	14,280,394	1,112,645	-	15,393,039
Site improvements	2,342,123	149,805	-	2,491,928
Equipment and furniture	358,821	83,340	-	442,161
Buses and other vehicles	794,101	95,404	130,412	759,093
Total accumulated depreciation	17,775,439	1,441,194	130,412	19,086,221
Net capital assets being depreciated	22,692,331	818,551	-	23,510,882
Net capital assets	\$ 23,369,199	\$ 16,382,701	\$ 36,241	\$ 39,715,659

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

Depreciation expense for the fiscal year ended June 30, 2021 amounted to \$ 1,441,194. The School District allocated depreciation to the various governmental activities as follows:

**Governmental activities**

Instruction	\$ 795,213
Support services	572,357
Food services	63,934
Community services	<u>9,690</u>
Total governmental activities	<u><u>\$ 1,441,194</u></u>

**Note 5 - Construction Contracts**

As of year end, the School District had the following construction contracts in progress:

Project	Total Contract	Remaining Construction Commitment at Year End	Contract Commitment Remaining at Year End
Lee Bond Project	\$ 8,776,932	\$ 5,677,269	\$ 3,099,663
Middle School Bond Project	10,106,403	4,254,794	5,851,609
High School Bond Project	13,892,759	6,131,372	7,761,387
Buss Garage Bond Project	<u>451,263</u>	<u>134,213</u>	<u>317,050</u>
Total	<u><u>\$ 33,227,357</u></u>	<u><u>\$ 16,197,648</u></u>	<u><u>\$ 17,029,709</u></u>

**Note 6 - Interfund Receivables And Payables**

Individual interfund receivable and payable balances at year end were:

Receivable Fund	Payable Fund	Amount
Nonmajor Funds	General Fund	\$ 85,386
2020 Capital Projects Fund	General Fund	289,678
2020 Capital Projects Fund	Nonmajor Funds	<u>92,524</u>
		<u><u>\$ 467,588</u></u>

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.

There were no interfund transfers made in the current year.

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 7 - 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, the components of unearned revenue are as follows:

Prepaid lunch fees	\$ 10,573
Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>175,425</u>
Total	<u>\$ 185,998</u>

**Note 8 - 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>.

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	<u>\$ 1,316,901</u>	<u>\$ 1,104,203</u>	<u>\$ 1,609,360</u>	<u>\$ 811,744</u>

The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

**Note 9 - 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 and special termination benefits.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$46,940,000	\$ 7,480,000	\$ 9,150,000	\$45,270,000	\$ 2,350,000
Premium on bonds	<u>7,352,583</u>	<u>214,230</u>	<u>956,572</u>	<u>6,610,241</u>	<u>-</u>
Total bonds payable	<u>54,292,583</u>	<u>7,694,230</u>	<u>10,106,572</u>	<u>51,880,241</u>	<u>2,350,000</u>
Other Liabilities					
Compensated absences	265,459	20,728	27,604	258,583	24,000
Special termination benefits	<u>98,314</u>	<u>-</u>	<u>49,157</u>	<u>49,157</u>	<u>49,157</u>
Total other liabilities	<u>363,773</u>	<u>20,728</u>	<u>76,761</u>	<u>307,740</u>	<u>73,157</u>
Total	<u>\$54,656,356</u>	<u>\$ 7,714,958</u>	<u>\$10,183,333</u>	<u>\$52,187,981</u>	<u>\$ 2,423,157</u>

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

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

\$ 31,550,000 serial bonds due in annual installments of \$ 100,000 to \$ 2,665,000 through May 1, 2039, interest at 4.00% to 5.00%	\$ 31,550,000
\$ 12,300,000 Bond refunding serial bond due in annual installments of \$ 1,170,000 to \$ 1,175,000 through May 1, 2022, interest at 3.00% to 5.00%	1,170,000
\$ 4,145,000 serial bonds due in annual installments of \$ 265,000 to \$ 570,000 through May 1, 2027, interest at 3.00%	3,195,000
\$ 7,480,000 Bond refunding serial bond due in annual installments of \$ 110,000 to \$ 1,540,000 through May 1, 2028, interest at 1.00% to 2.00%	7,480,000
\$ 990,000 serial bonds due in annual installments of \$ 130,000 to \$310,000 through May 1, 2024, interest at 3.52%	390,000
\$ 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%	1,055,000
\$ 3,360,000 serial bonds due in annual installments of \$ 410,000 to \$ 485,000 from May 2016 through May 2022, interest at 3.00% to 4.00%	<u>430,000</u>
Total general obligation bonded debt	<u><u>\$ 45,270,000</u></u>

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

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2022	\$ 2,350,000	\$ 1,755,295	\$ 4,105,295
2023	2,445,000	1,663,590	4,108,590
2024	2,610,000	1,583,726	4,193,726
2025	2,770,000	1,521,650	4,291,650
2026	2,810,000	1,460,950	4,270,950
2027-2031	12,170,000	6,037,650	18,207,650
2032-2036	12,130,000	3,326,750	15,456,750
2037-2039	<u>7,985,000</u>	<u>639,199</u>	<u>8,624,199</u>
Total	<u><u>\$ 45,270,000</u></u>	<u><u>\$ 17,988,810</u></u>	<u><u>\$ 63,258,810</u></u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$ 373,881 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for all debt obligations for the fiscal year in the Debt Service Funds were \$ 2,252,235.

**Compensated Absences**

Accrued compensated absences at year end, consist of \$ 258,583 in accrued sick time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due with one year.

**Special Termination Benefits**

The School District has offered voluntary severance plans to employees in various fiscal years. Payments for these arrangements are due as follows:

Year Ending June 30,	
2022	<u><u>\$ 49,157</u></u>

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

**Advance Refunding**

On April 12, 2021, the School District issued general obligation bonds of \$ 7,480,000 (par value) with an interest rate of 1.00% to 2.00% to advance refund term bonds with an interest rate of 3.25% and a par value of \$ 8,125,000. The term bonds mature on May 1, 2023. The general obligation bonds were issued at a premium and after paying issuance costs of \$ 114,808, the net proceeds were \$ 7,480,000. The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments until the term bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the School District's financial statements.

As a result of the advance refunding, the School District reduced its total debt service requirements by \$ 385,883, which resulted in an economic gain of \$ 366,961.

**Deferred Amount on Refunding**

Advance refunding's resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$ 327,526, \$ 29,323, and \$ 164,828 which are related to the 2021 refunding, 2009 refunding, and the 2017 refunding, respectively. The total amount of refunding's are \$ 492,354. 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 2026.

**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, 2023. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2013 Issue refunded	<u>\$ 7,070,000</u>
---------------------	---------------------

**Note 10 - 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 four fiscal years.

The School District is self-insured for certain groups of employees for certain benefits. The liability for these claims is recorded based on invoices received as of the date the financial statements were available to be issued. Any amounts incurred but not reported are believed to be immaterial and are not estimated at year end.

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 11 - Pension Plan**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

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

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former

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

**Contributions**

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2020.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	13.39 - 19.41%
Member Investment Plan	3.0 - 7.0%	13.39 - 19.41%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from the School District were \$ 2,308,401 for the year ending September 30, 2020.

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

At June 30, 2021, the School District reported a liability of \$ 28,854,563 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was .0840 percent, which was an increase of .0020 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized pension expense of \$ 4,374,962 for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total pension contribution expense of \$ 2,618,915.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 440,874	\$ (61,586)	\$ 379,288
Changes of assumptions	3,197,364	-	3,197,364
Net difference between projected and actual earnings on pension plan investments	121,234	-	121,234
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>565,600</u>	<u>(40,314)</u>	<u>525,286</u>
Total to be recognized in future	4,325,072	(101,900)	4,223,172
School District contributions subsequent to the measurement date	<u>2,469,216</u>	<u>(1,108,038)</u>	<u>1,361,178</u>
Total	<u>\$ 6,794,288</u>	<u>\$(1,209,938)</u>	<u>\$ 5,584,350</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The District will offset the contribution expense in the year ended June 30, 2022 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources



**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

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

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

2021	\$ 1,898,113
2022	1,325,947
2023	745,762
2024	<u>253,350</u>
	<u>\$ 4,223,172</u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.80% net of investment expenses
  - Pension Plus Plan: 6.80% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses

- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4892 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
	<u>100.0%</u>	

*\*Long-term rates of return are net of administrative expenses and 2.1% inflation.*

#### Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension

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

#### Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
\$ 37,347,337	\$ 28,854,563	\$ 21,815,947

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

#### Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Comprehensive Annual Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

**Payables to the Michigan Public School Employees' Retirement System (MPERS)**

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

**Note 12 - Post-employment Benefits Other Than Pensions (OPEB)**

**Plan Description**

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

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**Contributions**

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2020.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the School District were \$ 601,991 for the year ended September 30, 2020.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2021, the School District reported a liability of \$ 4,564,629 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was .0852 percent, which was an increase of .0033 from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized OPEB expense of \$ (64,000) for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total OPEB contribution expense of \$ 645,550.

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (3,401,076)	\$ (3,401,076)
Changes of assumptions	1,505,049	-	1,505,049
Net difference between projected and actual earnings on OPEB plan investments	38,097	-	38,097
Changes in proportion and differences between the School District contributions and proportionate share of contributions	298,518	(30,948)	267,570
Total to be recognized in future	1,841,664	(3,432,024)	(1,590,360)
School District contributions subsequent to the measurement date	580,117	-	580,117
Total	<u>\$ 2,421,781</u>	<u>\$ (3,432,024)</u>	<u>\$ (1,010,243)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2021	\$ (442,326)
2022	(389,431)
2023	(315,061)
2024	(251,399)
2025	<u>(192,143)</u>
	<u><u>\$ (1,590,360)</u></u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 3.5%

# Richmond Community Schools

## Notes to the Financial Statements

### June 30, 2021

- Healthcare Cost Trend Rate: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 12
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

#### *Other Assumptions:*

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 5.6018 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

#### **Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
	100.0%	

*\*Long-term rates of return are net of administrative expenses and 2.1% inflation.*

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Rate of Return**

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

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

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

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

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
<u>\$ 5,863,785</u>	<u>\$ 4,564,629</u>	<u>\$ 3,470,849</u>

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate**

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>\$ 3,428,970</u>	<u>\$ 4,564,629</u>	<u>\$ 5,856,301</u>

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued MPSERS Comprehensive Annual Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

**Note 13 - 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, 2021.

**Richmond Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2021**

---

**Note 14 - Tax Abatements**

School Districts may receive reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the various municipalities within the School District boundaries. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties

For the fiscal year ended June 30, 2021, the School District's property tax revenues were not reduced under these programs. There are no significant abatements made by the School District.

**Note 15 - Change in Accounting Principle**

As indicated in Note 1, Governmental Accounting Standards Board Statement 84 has been adopted. The standard requires this change be applied retroactively. The impact of this change is to increase beginning net position in the statement of activities as of July 1, 2020 by \$ 196,312, restating it from \$ (20,256,844) to \$ (20,060,532).



## REQUIRED SUPPLEMENTARY INFORMATION

---

**Richmond Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$ 3,377,201	\$ 3,221,344	\$ 3,275,682	\$ 54,338
State sources	9,956,423	11,711,998	11,636,629	(75,369)
Federal sources	857,023	2,202,167	1,484,706	(717,461)
Interdistrict sources	643,214	654,377	655,737	1,360
Total revenues	14,833,861	17,789,886	17,052,754	(737,132)
<b>Expenditures</b>				
Instruction				
Basic programs	6,843,592	7,868,232	7,496,805	(371,427)
Added needs	1,726,291	1,787,236	1,622,568	(164,668)
Supporting services				
Pupil	1,075,758	1,233,974	1,158,039	(75,935)
Instructional staff	603,349	795,392	745,545	(49,847)
General administration	431,934	485,971	459,050	(26,921)
School administration	1,076,418	1,227,737	1,199,064	(28,673)
Business	525,111	567,712	482,379	(85,333)
Operations and maintenance	1,184,984	1,336,675	1,208,320	(128,355)
Pupil transportation services	723,781	746,540	676,448	(70,092)
Central	33,973	69,712	69,590	(122)
Athletics	475,775	491,426	449,337	(42,089)
Community services	124,068	139,673	111,128	(28,545)
Capital outlay	10,300	945,953	870,504	(75,449)
Total expenditures	14,835,334	17,696,233	16,548,777	(1,147,456)
Excess (deficiency) of revenues over expenditures	(1,473)	93,653	503,977	410,324

**Richmond Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	<u>2,000</u>	<u>3,568</u>	<u>3,568</u>	<u>-</u>
Net change in fund balance	527	97,221	507,545	410,324
Fund balance - beginning	<u>725,476</u>	<u>725,476</u>	<u>725,476</u>	<u>-</u>
Fund balance - ending	<u>\$ 726,003</u>	<u>\$ 822,697</u>	<u>\$ 1,233,021</u>	<u>\$ 410,324</u>

**Richmond Community Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th of Each June Fiscal Year)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. School district's proportion of net pension liability (%)	0.0840%	0.0820%	0.0820%	0.0810%	0.0791%	0.0823%	0.0811%			
B. School district's proportionate share of the net pension liability	\$ 28,854,563	\$ 27,166,075	\$ 24,639,681	\$ 20,977,770	\$ 19,743,146	\$ 20,113,560	\$ 17,856,186			
C. School district's covered payroll	\$ 7,558,139	\$ 7,159,574	\$ 6,991,264	\$ 6,902,035	\$ 6,557,064	\$ 7,015,729	\$ 7,136,201			
D. School district's proportionate share of the net pension liability as a percentage of its covered payroll	381.77%	379.44%	352.44%	303.94%	301.10%	286.69%	250.22%			
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%			

**Note Disclosures**

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

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

**Richmond Community Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,							2014	2013	2012
	2021	2020	2019	2018	2017	2016	2015			
A. Statutorily required contributions	\$ 2,618,915	\$ 2,300,936	\$ 2,166,060	\$ 2,386,707	\$ 1,290,019	\$ 1,304,704	\$ 1,500,854			
B. Contributions in relation to statutorily required contributions	<u>2,618,915</u>	<u>2,300,936</u>	<u>2,166,060</u>	<u>2,386,707</u>	<u>1,290,019</u>	<u>1,304,704</u>	<u>1,500,854</u>			
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
D. School district's covered payroll	\$ 7,866,749	\$ 7,560,303	\$ 7,057,767	\$ 6,873,431	\$ 6,986,160	\$ 6,616,340	\$ 7,126,285			
E. Contributions as a percentage of covered payroll	33.29%	30.43%	30.69%	34.72%	18.47%	19.72%	21.06%			

**Richmond Community Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th of Each June Fiscal Year)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
A. School district's proportion of net OPEB liability (%)	0.0852%	0.0820%	0.0822%	0.0807%						
B. School district's proportionate share of the net OPEB liability	\$ 4,564,629	\$ 5,882,345	\$ 6,533,345	\$ 7,146,481						
C. School district's covered payroll	\$ 7,558,139	\$ 7,159,574	\$ 6,991,264	\$ 6,902,035						
D. School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.39%	82.16%	93.45%	103.54%						
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%						

**Note Disclosures**

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

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

**Richmond Community Schools**  
**Required Supplementary Information**  
**Schedule of the School District's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

		For the Years Ended June 30,									
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
A.	Statutorily required contributions	\$ 645,550	\$ 607,802	\$ 555,588	\$ 564,432						
B.	Contributions in relation to statutorily required contributions	<u>645,550</u>	<u>607,802</u>	<u>555,588</u>	<u>564,432</u>						
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
D.	School district's covered payroll	\$ 7,866,749	\$ 7,560,303	\$ 7,057,767	\$ 6,873,431						
E.	Contributions as a percentage of covered payroll	8.21%	8.04%	7.87%	8.21%						

## OTHER SUPPLEMENTARY INFORMATION

---



**Richmond Community Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service	Student Activity	
<b>Assets</b>			
Cash	\$ 158,160	\$ 199,702	\$ 357,862
Due from other funds	85,386	-	85,386
Due from other governmental units	42,260	-	42,260
Total assets	<u>\$ 285,806</u>	<u>\$ 199,702</u>	<u>\$ 485,508</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 3,827	\$ 1,834	\$ 5,661
Due to other funds	92,524	-	92,524
Accrued expenditures	552	-	552
Accrued salaries payable	1,101	-	1,101
Unearned revenue	10,573	-	10,573
Total liabilities	<u>108,577</u>	<u>1,834</u>	<u>110,411</u>
<b>Fund Balances</b>			
Restricted for			
Food Service	177,229	-	177,229
Committed for			
Student activities	-	197,868	197,868
Total fund balances	<u>177,229</u>	<u>197,868</u>	<u>375,097</u>
Total liabilities and fund balances	<u>\$ 285,806</u>	<u>\$ 199,702</u>	<u>\$ 485,508</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, 2021**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service	Student Activity	
<b>Revenues</b>			
Local sources	\$ 47,668	\$ 117,472	\$ 165,140
State sources	36,391	-	36,391
Federal sources	691,052	-	691,052
Total revenues	<u>775,111</u>	<u>117,472</u>	<u>892,583</u>
<b>Expenditures</b>			
Current			
Education			
Supporting services	-	115,916	115,916
Food services	<u>733,180</u>	<u>-</u>	<u>733,180</u>
Total expenditures	<u>733,180</u>	<u>115,916</u>	<u>849,096</u>
Net change in fund balances	41,931	1,556	43,487
Fund balances - beginning, as restated	<u>135,298</u>	<u>196,312</u>	<u>331,610</u>
Fund balances - ending	<u>\$ 177,229</u>	<u>\$ 197,868</u>	<u>\$ 375,097</u>

**Richmond Community Schools**  
**Other Supplementary Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2021**

Year Ending June 30,	2020 Series I	2021 Refunding	2010 Refunding	2013 Series A	2014 Series B	2017 Refunding	2018 Series C	Total
2022	\$ 100,000	\$ 110,000	\$ 1,170,000	\$ -	\$ 430,000	\$ 410,000	\$ 130,000	\$ 2,350,000
2023	590,000	135,000	-	1,055,000	-	535,000	130,000	2,445,000
2024	720,000	1,205,000	-	-	-	555,000	130,000	2,610,000
2025	720,000	1,480,000	-	-	-	570,000	-	2,770,000
2026	775,000	1,470,000	-	-	-	565,000	-	2,810,000
2027	785,000	1,540,000	-	-	-	560,000	-	2,885,000
2028	1,335,000	1,540,000	-	-	-	-	-	2,875,000
2029	2,050,000	-	-	-	-	-	-	2,050,000
2030	2,135,000	-	-	-	-	-	-	2,135,000
2031	2,225,000	-	-	-	-	-	-	2,225,000
2032	2,280,000	-	-	-	-	-	-	2,280,000
2033	2,335,000	-	-	-	-	-	-	2,335,000
2034	2,415,000	-	-	-	-	-	-	2,415,000
2035	2,500,000	-	-	-	-	-	-	2,500,000
2036	2,600,000	-	-	-	-	-	-	2,600,000
2037	2,655,000	-	-	-	-	-	-	2,655,000
2038	2,665,000	-	-	-	-	-	-	2,665,000
2039	2,665,000	-	-	-	-	-	-	2,665,000
Total	<u>\$ 31,550,000</u>	<u>\$ 7,480,000</u>	<u>\$ 1,170,000</u>	<u>\$ 1,055,000</u>	<u>\$ 430,000</u>	<u>\$ 3,195,000</u>	<u>\$ 390,000</u>	<u>\$ 45,270,000</u>
Principal payments due the first day of	May	May	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	May and November	May and November	
Interest rate	4.00% - 5.00%	1.00% - 2.00%	3.00% - 5.00%	3.25%	3.00% - 4.00%	3.00%	3.52%	
Original issue	<u>\$ 31,550,000</u>	<u>\$ 7,480,000</u>	<u>\$ 12,300,000</u>	<u>\$ 8,125,000</u>	<u>\$ 3,360,000</u>	<u>\$ 4,145,000</u>	<u>\$ 990,000</u>	