Richmond Community Schools

Financial Statements

June 30, 2019

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Richmond Community Schools
Members of the Board of Education and Administration
June 30, 2019

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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, 2019, 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, 2019, 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.

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 23, 2019 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 23, 2019

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, 2019. 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 2018-2019 fiscal year consist of the Food Service Fund, Capital Projects Funds, 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 $134,915 to ($19,112,424) from ($19,247,339). The increase in net position is due to several factors – see page 4-7 of the accompanying financial statements for more information. The primary factors are depreciation expense of about $1.4 million debt payments of nearly $2.1 million combined with our fund level change of approximately ($657,000). Also impacting the net position in fiscal years 2019 and 2018 was the adoption of GASB 75, which added the liability and expense for postemployment benefits other than pensions (OPEB) to government activities.

Summary of Net Position

		June 30, 2019	June 30, 2018
Assets:			
	Current Assets	$ 4,427,311	$ 5,086,490
	Capital Assets	40,455,150	39,687,263
	Less: Accumulated depreciation	(16,407,371)	(15,082,319)
	Capital Assets, net book value	24,047,779	24,604,944
Deferred Outflows of Resources:			
	Deferred outflows of resources	9,908,926	5,833,733
	Total Assets and Deferred Outflows	**$ 38,384,016**	**$ 35,525,167**
Liabilities:			
	Current Liabilities	$ 2,994,405	$ 2,958,499
	Long-Term Liabilities	49,917,142	49,025,224
	Total Liabilities	**52,911,547**	**51,983,723**
Deferred Inflows of Resources:			
	Deferred amount on net pension/OPEB liability	$ 4,584,893	$ 2,788,783
	Total Liabilities and Deferred Inflows	**$ 57,496,440**	**$ 54,772,506**
Net Position:			
	Net investment in capital assets	6,189,848	5,304,560
	Restricted net position	257,475	205,959
	Unrestricted net position	(25,559,747)	(24,757,858)
	Total Net Position	**(19,112,424)**	**(19,247,339)**
	Total Liabilities and Net Position	**$ 38,384,016**	**$ 35,525,167**

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 depreciation expense and debt activity combined with our fund level performance.

	June 30, 2019		June 30, 2018
Revenues:			
Governmental:			
General:			
Property taxes for operations	$ 2,780,156		$ 2,716,255
Property taxes for debt service	2,851,262		2,751,141
Unrestricted state aid	8,218,145		7,999,957
Other general revenues	246,073		167,799
Total general	14,095,636		13,635,152
Operating Grants:			
Federal	1,175,676		1,066,269
State of Michigan & Other	2,117,468		2,099,573
Total governmental revenues	17,388,780		16,800,994
Charges for services			
Food service	243,475		248,824
Community services	199,369		180,513
Others	122,728		165,914
Total charges for services	565,572		595,251
Total Revenues	**$ 17,954,352**		**$ 17,396,245**
Expenses:			
Instruction and instructional support	$ 9,607,906		$ 9,106,427
Support services	6,844,510		6,258,152
Food service	594,545		536,889
Community services	126,627		108,313
Interest on long-term debt	645,849		818,201
Total Expenses	**$ 17,819,437**		**$ 16,827,982**
Increase (Decrease) in Net Position	**$ 134,915**		**$ 568,263**
Beginning Net Position, as restated	**(19,247,339)**		**(19,815,602)**
Ending Net Assets	**$ (19,112,424)**		**$ (19,247,339)**

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.

Due to the economic conditions of the State of Michigan and the uncertain State funding for public schools, along with legislation that impacts pupil accounting, the District is attempting to maintain a stable financial position within its governmental funds. At the end of the 2018-19 fiscal year, the combined governmental fund balance was $1.5 million, a decrease of approximately $657,000 from the prior year. This decrease is the result of capital outlay expenditures totaling almost $739,000 from the 2018 Capital Projects Fund, a Nonmajor Governmental Fund in the financial statements for the year ended June 30, 2019. The District's General Fund balance increased about $60,000 and represents approximately $850,000 of the $1.5 million in combined governmental fund balance. The fund balance in Debt Funds totals about $367,000. The District's Nonmajor Governmental fund balance totals approximately $328,000, and consists of over $106,000 in the Food Service Fund and over $221,000 in the 2018 Capital Projects 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 $679,000. Increases in General Fund revenues make up the majority of the increase with the most significant increase in State sources and smaller increases in local and Federal sources. Interdistrict sources saw a relatively minor decrease.

The District's total expenditures increased $1.3 million primarily as the result of increased expenditures in the 2018 Capital Projects Fund, a Nonmajor Governmental Fund, and in the General Fund. Debt Fund expenditures increased $168,000 while expenditures in the other Nonmajor Governmental Fund, Food Service, increased about $55,000.

General Fund Budgetary Highlights: The District amended its budget twice during the 2018-19 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, an amended budget was presented in February 2019, 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 2018 and the final amended budget approved in June 2019 follows:

	Final Budget June 2019	Original Budget June 2018	Variance
Total Revenues	**$ 14,885,470**	**$ 14,260,886**	**$ 624,584**
Expenses:			
Salaries	7,242,271	7,020,388	221,883
Benefits	4,632,300	4,565,641	66,659
Purchased Services	1,924,163	1,756,997	167,166
Supplies	647,929	807,792	(159,863)
Capital Outlay and Others	433,557	110,068	323,489
Total Expenses	**14,880,220**	**14,260,886**	**619,334**
Change in Fund Balance	**$ 5,250**	**$ -**	**$ 5,250**

From June 2018 to June 2019, the fund balance in the General Fund was projected to improve slightly. Budgeted revenue increased from the original budget adopted in June 2018 to the final amended budget approved in June 2019 by $624,584. The increase in funding was primarily due to changes in student enrollment, State funding, local property taxes, and miscellaneous local revenues. Budgeted expenditures increased during the year as enrollment, staffing costs, and operational needs changed and actual information became available.

The final budget from June 2019 is also compared to the District's 2018-2019 actual financial results below.

	Final Actual June 2019	Final Budget June 2019	Variance Fav/(Unfav)
Total Revenues	**$ 14,606,633**	**$ 14,885,470**	**$ (278,837)**
Expenses:			
Salaries	7,114,634	7,242,271	127,637
Benefits	4,593,024	4,632,300	39,276
Purchased Services	1,875,299	1,924,163	48,864
Supplies	574,858	647,929	73,071
Capital Outlay and Others	389,442	433,557	44,115
Total Expenses	**14,547,257**	**14,880,220**	**332,963**
Change in Fund Balance	**$ 59,376**	**$ 5,250**	**$ 54,126**

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

Debt Retirement Fund Budgetary Highlights: The fund balance for the debt retirement fund increased $36,469. At this point, the fund balance in the debt account represents 13% of the 2019/20 principal and interest payments. The District will continue to monitor taxable valuations as it looks to its 2020 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 2019-20 School Aid Act which will provide a $240 per pupil increase in the Foundation Grant for districts at the minimum Foundation Allowance of $7,871 to $8,111 in an effort to reduce the gap in funding between the districts receiving the minimum Foundation Allowance and those receiving the maximum Foundation Allowance for the 2019-20 fiscal year.
- The Membership Blend is 90% of the October count and 10% of the PREVIOUS February count, which is consistent with the 2018-19 blend formula.
- Enrollment from the October 2019 count is expected to be higher than the estimated enrollment used for the 2019-2020 budget. When the budget is amended, revenues are expected to increase because of the higher enrollment.
- A bond proposal has been placed on the ballot for District voters to consider in the upcoming election on November 5, 2019. The proposal includes adding classrooms to 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 and athletic facility improvements. If the bond proposal is not approved by voters, the District will have to look to the General Fund budget to find ways to address these needs totaling over $38 million.
- The District has made adjustments to 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 Great Start Readiness Program with a full day and half day program.
- The District voters passed a $12.9 million bond for capital projects in 2013. The beginning of the 2015-16 school year marked the implementation of the one to one technology initiative, providing students with individual laptops in grades 3-12 and interactive classroom technology for grades K-2. Technology improvement also included projectors, classroom sound systems, and audio and recording improvements in the music and band rooms. The bonds were issued in three series, $8.1 million in 2013, $3.4 million in 2014, and the final series was issued in 2018 for $990,000. The final expenditures of these bond proceeds will occur in the 2019-2020 school year.
- At the time of this report, the District has labor agreements in place for the teachers, secretaries, paraprofessionals, and food service workers; the District is in negotiations with administrators.

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, 2019

	Governmental Activities
Assets	
Cash	$ 2,003,792
Taxes receivable	2,920
Accounts receivable	84,770
Due from other governmental units	2,329,229
Prepaid items	6,600
Capital assets not being depreciated	7,129
Capital assets - net of accumulated depreciation	24,040,650
Total assets	28,475,090
Deferred outflows of resources	
Deferred amount on the net pension liability	8,345,496
Deferred amount on the net OPEB liability	1,302,202
Deferred amount on debt refunding	261,228
Total deferred outflows of resources	9,908,926
Total assets and deferred outflows of resources	38,384,016

Richmond Community Schools
Statement of Net Position
June 30, 2019

	Governmental Activities
Liabilities	
Accounts payable	$ 339,707
State aid anticipation note payable	1,025,001
Due to other governmental units	165,043
Payroll deductions and withholdings	23,191
Accrued expenditures	411,104
Accrued salaries payable	891,612
Unearned revenue	138,747
Long-term liabilities	
Debt due within one year	2,316,567
Debt due in more than one year	16,427,549
Net pension liability	24,639,681
Net OPEB liability	6,533,345
Total liabilities	52,911,547
Deferred inflows of resources	
Deferred amount on the net pension liability	3,096,575
Deferred amount on the net OPEB liability	1,488,318
Total deferred inflows of resources	4,584,893
Total liabilities and deferred inflows of resources	57,496,440
Net Position	
Net investment in capital assets	6,189,848
Restricted for	
Debt service	257,475
Unrestricted (deficit)	(25,559,747)
Total net position	$ (19,112,424)

See Accompanying Notes to the Financial Statements

Richmond Community Schools
Statement of Activities
For the Year Ended June 30, 2019

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 9,607,906	$ 175	$ 1,910,654	$ (7,697,077)
Supporting services	6,844,510	122,553	1,067,196	(5,654,761)
Food services	594,545	243,475	277,613	(73,457)
Community services	126,627	199,369	37,681	110,423
Interest and fiscal charges on long-term debt	645,849	-	-	(645,849)
Total governmental activities	$ 17,819,437	$ 565,572	$ 3,293,144	(13,960,721)
General revenues				
Property taxes, levied for general purposes				2,780,156
Property taxes, levied for debt service				2,851,262
State aid - unrestricted				8,218,145
Interest and investment earnings				20,240
Proceeds from sale of capital assets				3,200
Other				222,633
Total general revenues				14,095,636
Change in net position				134,915
Net position - beginning				(19,247,339)
Net position - ending				$ (19,112,424)

Richmond Community Schools
Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	Debt Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 1,304,025	$ 364,499	$ 335,268	$ 2,003,792
Taxes receivable	-	2,920	-	2,920
Accounts receivable	84,770	-	-	84,770
Due from other funds	-	-	5,241	5,241
Due from other governmental units	2,320,817	-	8,412	2,329,229
Prepaid items	6,600	-	-	6,600
Total assets	$ 3,716,212	$ 367,419	$ 348,921	$ 4,432,552
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	$ 328,666	$ -	$ 11,041	$ 339,707
State aid anticipation note payable	1,025,001	-	-	1,025,001
Due to other funds	5,241	-	-	5,241
Due to other governmental units	165,043	-	-	165,043
Payroll deductions and withholdings	23,191	-	-	23,191
Accrued expenditures	299,550	-	1,610	301,160
Accrued salaries payable	888,155	-	3,457	891,612
Unearned revenue	133,633	-	5,114	138,747
Total liabilities	2,868,480	-	21,222	2,889,702
Deferred inflows of resources				
Unavailable revenue	1,384	-	-	1,384
Fund Balance				
Non-spendable				
Prepaid items	6,600	-	-	6,600
Restricted for				
Food service	-	-	106,244	106,244
Debt service	-	367,419	-	367,419
Capital projects	-	-	221,455	221,455
Unassigned	839,748	-	-	839,748
Total fund balance	846,348	367,419	327,699	1,541,466
Total liabilities, deferred inflows of resources, and fund balance	$ 3,716,212	$ 367,419	$ 348,921	$ 4,432,552

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, 2019

Total fund balances for governmental funds	$ 1,541,466
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	1,384
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	7,129
Capital assets - net of accumulated depreciation	24,040,650
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(109,944)
Special termination benefits	(154,881)
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.	261,228
Deferred inflows of resources resulting from the net pension liability	(3,096,575)
Deferred outflow of resources resulting from the net pension liability	8,345,496
Deferred inflows of resources resulting from the net OPEB liability	(1,488,318)
Deferred outflow of resources resulting from the net OPEB liability	1,302,202
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	(24,639,681)
Net OPEB liability	(6,533,345)
Compensated absences	(248,621)
Bonds payable	(18,340,614)
Net position of governmental activities	$ (19,112,424)

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, 2019

	General Fund	Debt Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 3,306,322	$ 2,873,165	$ 250,363	$ 6,429,850
State sources	10,362,266	-	26,769	10,389,035
Federal sources	924,832	-	250,844	1,175,676
Interdistrict sources	10,013	-	-	10,013
Total revenues	14,603,433	2,873,165	527,976	18,004,574
Expenditures				
Current				
Education				
Instruction	8,216,824	-	-	8,216,824
Supporting services	5,959,033	-	-	5,959,033
Food services	-	-	541,758	541,758
Community services	115,384	-	-	115,384
Capital outlay	256,016	-	738,773	994,789
Debt service				
Principal	-	2,085,000	-	2,085,000
Interest and other expenditures	-	751,696	-	751,696
Total expenditures	14,547,257	2,836,696	1,280,531	18,664,484
Excess (deficiency) of revenues over expenditures	56,176	36,469	(752,555)	(659,910)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	3,200	-	-	3,200
Transfers in	-	-	3,279	3,279
Transfers out	-	-	(3,279)	(3,279)
Total other financing sources (uses)	3,200	-	-	3,200
Net change in fund balance	59,376	36,469	(752,555)	(656,710)
Fund balance - beginning	786,972	330,950	1,080,254	2,198,176
Fund balance - ending	$ 846,348	$ 367,419	$ 327,699	$ 1,541,466

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, 2019

Net change in fund balances - Total governmental funds	$	(656,710)
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		(53,422)
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		(1,445,278)
Capital outlay		888,113
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		(3,661,911)
Net change in the deferral of resources related to the net pension liability		2,745,845
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		613,136
Net change in the deferral of resources related to the net OPEB liability		(421,762)
Expenses are recorded when incurred in the statement of activities.		
Interest		15,047
Special termination benefits		(63,433)
Compensated absences		(510)
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.		
Repayments of long-term debt		2,085,000
Amortization of deferred amount on refunding		(45,000)
Amortization of premiums		135,800
Change in net position of governmental activities	$	134,915

See Accompanying Notes to the Financial Statements

Richmond Community Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2019

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash	$ 261,142	$ 190,985
Investments	60,000	-
Total assets	$ 321,142	$ 190,985
Liabilities		
Due to agency fund activities	-	$ 190,985
Net Position		
Assets held for scholarships and loans	$ 321,142	

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, 2019

	Private Purpose Trust Funds
Additions	
Interest and investment earnings	$ 1,173
Deductions	
Scholarships	4,000
Change in net position	(2,827)
Net position - beginning	323,969
Net position - ending	$ 321,142

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

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

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

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

Fund Financial Statements

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

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

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

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

The School District reports the following major governmental funds:

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

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

Additionally, the School District reports the following fund types:

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Fund includes the Food Service Fund.

Capital Projects Funds – The 2018 and 2014 Capital Project Funds are used to record bond proceeds and other revenue and the disbursement of invoices specifically for projects associated with the 2018 and 2014 bond issues. These funds are kept open until the purpose for which the funds were created have been accomplished.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Equity

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

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2018, 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	5.50000

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.

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

> Non-spendable - amounts that are not available in a spendable form.
>
> Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.
>
> Committed – amounts that have formally been set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.
>
> Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education or the Superintendent. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

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

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

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the 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. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the District's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities districts should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Upcoming Accounting and Reporting Changes
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 are: (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. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

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, 2021.

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 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, 2021.

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components. This statement is effective for the year ending June 30, 2020.

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, 2022.

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's expenditure budget variances are as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Business	$ 526,886	$ 528,051	$ 1,165
Athletic activities	425,272	425,427	155
Capital outlay	253,285	256,016	2,731

Compliance Bond Proceeds
The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital project activities, management believes the School District has complied, in all material respects, with the applicable provision of section 1351a of the State of Michigan Revised School Code, Act 451 of 1976. The following is a summary of the revenue and expenditures in the 2018 Capital Project Fund from the inception of the funds through the current fiscal year.

	2018 School Building and Site Bonds	
	Current Year	Total
Revenues	$ 5,372	$ 996,280
Expenditures	738,773	778,104

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	$ 2,003,792	$ 452,127	$ 2,455,919
Investments	-	60,000	60,000
	$ 2,003,792	$ 512,127	$ 2,515,919

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 2,515,199
Petty cash and cash on hand	720
Total	$ 2,515,919

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

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

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, $ 3,025,345 of the School District's bank balance of $ 3,525,345 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 7,129	$ -	$ -	$ 7,129
Construction in progress	11,331	-	11,331	-
Total capital assets not being depreciated	18,460	-	11,331	7,129
Capital assets being depreciated				
Buildings and additions	33,826,833	362,498	-	34,189,331
Site improvements	4,173,368	-	-	4,173,368
Equipment and furniture	480,298	343,549	-	823,847
Buses and other vehicles	1,188,304	193,397	120,226	1,261,475
Total capital assets being depreciated	39,668,803	899,444	120,226	40,448,021
Less accumulated depreciation for				
Buildings and additions	11,892,744	1,190,432	-	13,083,176
Site improvements	2,022,652	159,735	-	2,182,387
Equipment and furniture	265,502	37,023	-	302,525
Buses and other vehicles	901,421	58,088	120,226	839,283
Total accumulated depreciation	15,082,319	1,445,278	120,226	16,407,371
Net capital assets being depreciated	24,586,484	(545,834)	-	24,040,650
Net capital assets	$ 24,604,944	$ (545,834)	$ 11,331	$ 24,047,779

Depreciation expense for the fiscal year ended June 30, 2019 amounted to $ 1,445,278. The School District allocated depreciation to the various governmental activities as follows:

Governmental activities		
Instruction	$	800,620
Support services		580,628
Food services		52,787
Community services		11,243
Total governmental activities	$	1,445,278

Note 5 - Interfund Receivable And Payable And Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 5,241

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

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

Interfund transfers consisted of the following:

	Transfers Out
	Nonmajor Governmental Funds
Transfers in	
Nonmajor governmental funds	$ 3,279

Interfund transfers were made during the year, between the 2014 Capital Projects Fund and the 2018 Capital Projects Fund totaling $ 3,279. This transfer was made to close out the 2014 Capital Projects Fund.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue consisted of $ 127,758 in grant payments received prior to meeting all eligibility requirements, $ 5,875 in advance collection for childcare dues, and $ 5,114 of prepaid student lunch fees.

Note 7 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th.

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ 1,014,859	$ 1,025,001	$ 1,014,859	$ 1,025,001

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 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include energy conservation improvement bonds, 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	$19,690,000	$ -	$ 2,085,000	$17,605,000	$ 2,215,000
Premium on bonds	871,414	-	135,800	735,614	-
Total bonds payable	20,561,414	-	2,220,800	18,340,614	2,215,000
Other Liabilities					
Compensated absences	248,111	45,510	45,000	248,621	45,000
Special termination benefits	91,448	120,873	57,440	154,881	56,567
Total other liabilities	339,559	166,383	102,440	403,502	101,567
Total	$20,900,973	$ 166,383	$ 2,323,240	$18,744,116	$ 2,316,567

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

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

$ 12,300,000 Bond refunding serial bond due in annual installments of $ 1,170,000 to $ 1,175,000 through May 1, 2022, interest at 3.00% to 5.00%	$ 3,515,000
$ 4,145,000 serial bonds due in annual installments of $ 265,000 to $ 570,000 through May 1, 2027, interest at 3.00%	3,880,000
$ 990,000 serial bonds due in annual installments of $ 130,000 to $310,000 through May 1, 2024, interest at 3.52%	830,000
$ 8,125,000 serial bonds due in annual installments of $ 1,055,000 to $ 1,585,000 from May 2023 through May 2028 with interest payable annually beginning 2015 at 3.25% to 4.25%	8,125,000
$ 3,360,000 serial bonds due in annual installments of $ 410,000 to $ 485,000 from May 2016 through May 2022, interest at 3.00% to 4.00%	1,255,000
Total general obligation bonded debt	$ 17,605,000

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

Year Ending June 30,	Principal	Interest	Total
2020	$ 2,215,000	$ 659,666	$ 2,874,666
2021	2,080,000	575,754	2,655,754
2022	2,140,000	495,128	2,635,128
2023	1,720,000	406,852	2,126,852
2024	1,755,000	351,938	2,106,938
2025-2028	7,695,000	732,574	8,427,574
Total	$ 17,605,000	$ 3,221,912	$ 20,826,912

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $ 367,419 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 $ 751.696.

Compensated Absences

Accrued compensated absences at year end, consist of $ 5,845 of vacation time earned and vested and $ 242,776 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Special Termination Benefits

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,	
2020	$ 56,567
2021	49,157
2022	49,157
Total	$ 154,881

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for worker's compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past 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 10 - Pension Plan

Plan Description

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

The System'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.

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 20-year period for the 2017 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2018.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	17.89%
Member Investment Plan	3.0 - 7.0%	17.89%
Pension Plus	3.0 - 6.4%	16.61%
Pension Plus 2	6.2%	19.74%
Defined Contribution	0.0%	13.54%

Required contributions to the pension plan from the School District were $ 2,331,881 for the year ending September 30, 2018.

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

At June 30, 2019, the School District reported a liability of $ 24,639,681 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2017. 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, 2018, the School District's proportion was .0820 percent, which was an increase of .0010 percent from its proportion measured as of September 30, 2017. At September 30, 2018, the total pension expense for the School District was $ 3,120,520. For the year ending June 30, 2019, the School District recognized pension expense of $ 2,166,060.

At June 30, 2019, 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	$ 114,333	$ (179,052)	$ (64,719)
Changes of assumptions	5,706,530	-	5,706,530
Net difference between projected and actual earnings on pension plan investments	-	(1,684,728)	(1,684,728)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	491,932	(325,464)	166,468
Total to be recognized in future	6,312,795	(2,189,244)	4,123,551
School District contributions subsequent to the measurement date	2,032,701	(907,331)	1,125,370
Total	$ 8,345,496	$ (3,096,575)	$ 5,248,921

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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)		
2019	$	1,627,439
2020		1,228,245
2021		913,907
2022		353,960
	$	4,123,551

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, 2017
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
    - MIP and Basic Plans: 7.05%
    - Pension Plus Plan: 7.00%
    - Pension Plus 2 Plan: 6.00%
- 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, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.5304.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at 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-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, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.7 %
Alternative Investment Pools	18.0	9.2
International Equity	16.0	7.2
Fixed Income Pools	10.5	5.0
Real Estate and Infrastructure Pools	10.0	3.9
Absolute Return Pools	15.5	5.2
Short Term Investment Pools	2.0	0.0
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.3% inflation.*

Rate of Return

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 11.11%. 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 7.05% was used to measure the total pension liability (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.05% (7.0% 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 7.05% (7.0% for the Hybrid Plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
6.05% / 6.0% / 5.0%	7.05% / 7.0% / 6.0%	8.05% / 8.0% / 7.0%
$ 32,349,998	$ 24,639,681	$ 18,233,661

**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 (MPSERS) Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 - Post-employment Benefits Other Than Pensions (OPEB)

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

The System'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.

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 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 20-year period for the 2017 fiscal year.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2018.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	6.44%
Personal Healthcare Fund (PHF)	0.0%	6.13%

Required contributions to the OPEB plan from the School District were $ 533,501 for the year ended September 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2019, the School District reported a liability of $ 6,533,345 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2017. 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, 2018, the School District's proportion was .0807 percent, which was unchanged from its proportion measured as of September 30, 2017. At September 30, 2018, the total OPEB expense for the School District was $ 339,105. For the year ending June 30, 2019, the School District recognized total OPEB expense of $ 555,588.

At June 30, 2019, 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	$ -	$ (1,216,023)	$ (1,216,023)
Changes of assumptions	691,885	-	691,885
Net difference between projected and actual earnings on OPEB plan investments	-	(251,092)	(251,092)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	113,593	(21,203)	92,390
Total to be recognized in future	805,478	(1,488,318)	(682,840)
School District contributions subsequent to the measurement date	496,724	-	496,724
Total	$ 1,302,202	$ (1,488,318)	$ (186,116)

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, 2020.

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)		
2019	$	(171,265)
2020		(171,265)
2021		(171,265)
2022		(120,250)
2023		(48,795)
	$	(682,840)

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, 2017
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 7.15%
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 3.5%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 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, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.

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

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at 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, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.7 %
Alternative Investment Pools	18.0	9.2
International Equity	16.0	7.2
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	3.9
Absolute Return Pools	15.5	5.0
Short Term Investment Pools	2.0	0.0
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.3% inflation.*

Rate of Return

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 10.75%. 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 7.15% 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 7.15%. 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 7.15%, 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 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
$ 7,843,148	$ 6,533,345	$ 5,431,641

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
$ 5,373,604	$ 6,533,345	$ 7,863,805

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2018 MPSERS CAFR, available on the ORS website at 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 12 - 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, 2019.

Note 13 - 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, 2019, the School District's property tax revenues were not reduced under these programs. There are no significant abatements made by the School District.

REQUIRED SUPPLEMENTARY INFORMATION

Richmond Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Over (Under) Budget
Revenues				
Local sources	$ 3,223,617	$ 3,319,686	$ 3,306,322	$ (13,364)
State sources	9,928,057	10,480,423	10,362,266	(118,157)
Federal sources	1,071,510	1,073,457	924,832	(148,625)
Interdistrict sources	15,702	8,704	10,013	1,309
Total revenues	14,238,886	14,882,270	14,603,433	(278,837)
Expenditures				
Instruction				
Basic programs	6,545,312	6,580,601	6,553,106	(27,495)
Added needs	1,761,053	1,743,013	1,663,718	(79,295)
Supporting services				
Pupil	1,000,416	975,080	954,236	(20,844)
Instructional staff	586,270	618,458	485,837	(132,621)
General administration	415,233	458,730	456,609	(2,121)
School administration	1,097,862	1,179,022	1,168,691	(10,331)
Business	514,481	526,886	528,051	1,165
Operations and maintenance	1,054,500	1,209,750	1,185,405	(24,345)
Pupil transportation services	691,278	733,660	718,321	(15,339)
Central	22,725	40,142	36,456	(3,686)
Athletics	429,783	425,272	425,427	155
Community services	133,973	136,321	115,384	(20,937)
Capital outlay	8,000	253,285	256,016	2,731
Total expenditures	14,260,886	14,880,220	14,547,257	(332,963)
Excess (deficiency) of revenues over expenditures	(22,000)	2,050	56,176	54,126

Richmond Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Over (Under) Budget
Other Financing Sources				
Proceeds from sale of capital assets	2,000	3,200	3,200	-
Transfers in	20,000	-	-	-
Total other financing sources	22,000	3,200	3,200	-
Net change in fund balance	-	5,250	59,376	54,126
Fund balance - beginning	786,972	786,972	786,972	-
Fund balance - ending	$ 786,972	$ 792,222	$ 846,348	$ 54,126

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)

		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A.	School district's proportion of net pension liability (%)	0.0820%	0.0810%	0.0791%	0.0823%	0.0811%					
B.	School district's proportionate share of the net pension liability	$ 24,639,681	$ 20,977,770	$ 19,743,146	$ 20,113,560	$ 17,856,186					
C.	School district's covered-employee payroll	$ 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- employee payroll	352.44%	303.94%	301.10%	286.69%	250.22%					
E.	Plan fiduciary net position as a percentage of total pension liability	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 2018.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2018.

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,									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A.	Statutorily required contributions	$ 2,166,060	$ 2,386,707	$ 1,290,019	$ 1,304,704	$ 1,500,854					
B.	Contributions in relation to statutorily required contributions	2,166,060	2,386,707	1,290,019	1,304,704	1,500,854					
C.	Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
D.	School district's covered-employee payroll	$ 7,057,767	$ 6,873,431	$ 6,986,160	$ 6,616,340	$ 7,126,285					
E.	Contributions as a percentage of covered-employee payroll	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)

		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A.	School district's proportion of net OPEB liability (%)	0.0807%	0.0807%								
B.	School district's proportionate share of the net OPEB liability	$ 6,533,345	$ 7,146,481								
C.	School district's covered-employee payroll	$ 6,991,264	$ 6,902,035								
D.	School district's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	93.45%	103.54%								
E.	Plan fiduciary net position as a percentage of total OPEB liability	42.95%	36.39%								

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2018.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2018.

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,									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A.	Statutorily required contributions	$ 555,588	$ 564,432								
B.	Contributions in relation to statutorily required contributions	555,588	564,432								
C.	Contribution deficiency (excess)	$ -	$ -								
D.	School district's covered-employee payroll	$ 7,057,767	$ 6,873,431								
E.	Contributions as a percentage of covered-employee payroll	7.87%	8.21%								

OTHER SUPPLEMENTARY INFORMATION

Richmond Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Fund	Capital Projects Fund	
	Food Service	2018 Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash	$ 105,047	$ 230,221	$ 335,268
Due from other funds	5,241	-	5,241
Due from other governmental units	8,412	-	8,412
Total assets	$ 118,700	$ 230,221	$ 348,921
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$ 2,275	$ 8,766	$ 11,041
Accrued expenditures	1,610	-	1,610
Accrued salaries payable	3,457	-	3,457
Unearned revenue	5,114	-	5,114
Total liabilities	12,456	8,766	21,222
Fund Balance			
Restricted for			
Food Service	106,244	-	106,244
Capital Projects	-	221,455	221,455
Total fund balance	106,244	221,455	327,699
Total liabilities and fund balance	$ 118,700	$ 230,221	$ 348,921

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, 2019

	Special Revenue Fund	Capital Project Funds		Total
	Food Service	2014 Capital Projects Fund	2018 Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Local sources	$ 244,937	$ 54	$ 5,372	$ 250,363
State sources	26,769	-	-	26,769
Federal sources	250,844	-	-	250,844
Total revenues	522,550	54	5,372	527,976
Expenditures				
Current				
Education				
Food services	541,758	-	-	541,758
Capital outlay	-	-	738,773	738,773
Total expenditures	541,758	-	738,773	1,280,531
Excess (deficiency) of revenues over expenditures	(19,208)	54	(733,401)	(752,555)
Other Financing Sources (Uses)				
Transfers in	-	-	3,279	3,279
Transfers out	-	(3,279)	-	(3,279)
Total other financing sources (uses)	-	(3,279)	3,279	-
Net change in fund balance	(19,208)	(3,225)	(730,122)	(752,555)
Fund balance - beginning	125,452	3,225	951,577	1,080,254
Fund balance - ending	$ 106,244	$ -	$ 221,455	$ 327,699

Richmond Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2019

Year Ending June 30,	2010 Refunding	2013 Series A	2014 Series B	2017 Refunding	2018 Series C	Total
2020	$ 1,175,000	$ -	$ 410,000	$ 320,000	$ 310,000	$ 2,215,000
2021	1,170,000	-	415,000	365,000	130,000	2,080,000
2022	1,170,000	-	430,000	410,000	130,000	2,140,000
2023	-	1,055,000	-	535,000	130,000	1,720,000
2024	-	1,070,000	-	555,000	130,000	1,755,000
2025	-	1,395,000	-	570,000	-	1,965,000
2026	-	1,470,000	-	565,000	-	2,035,000
2027	-	1,550,000	-	560,000	-	2,110,000
2028	-	1,585,000	-	-	-	1,585,000
Total	$ 3,515,000	$ 8,125,000	$ 1,255,000	$ 3,880,000	$ 830,000	$ 17,605,000
Principal payments due the first day of	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	
Interest rate	3.00% - 5.00%	3.25% - 4.25%	3.00% - 4.00%	3.00%	3.52%	
Original issue	$ 12,300,000	$ 8,125,000	$ 3,360,000	$ 4,145,000	$ 990,000	