Vredeveld Haefner LLC

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September 21, 2021

Members of the Board of Education
Ravenna Public Schools
Ravenna, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ravenna Public Schools (the District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 13, 2021. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Results</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District implemented GASB Statement Number 84, “Fiduciary Activities” that modified the definition to fiduciary funds to include custodial funds and eliminate agency funds and resulted in an adjustment to the opening fund balance of the newly established special revenue fund and net position of governmental activities. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management’s estimate of the useful lives of capital assets is based on previous history and future expectations and the estimate of pension benefit and other post-employment benefit plan obligations is based on actuarial valuations of the plans. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

We also noted the following items:

Budgets

We noted a budget was not established for the student/school activity special revenue fund. This was the first reporting year that the fund was changed from an agency fund to a special revenue fund to meet the requirements of GASB 84. As such, the fund is required to have a budget in place. We recommend a budget be determined and adopted annually to meet this requirement.

Other Matters

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

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

Restriction on Use

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

Sincerely,

Vredeveld Haefner LLC

RAVENNA PUBLIC SCHOOLS

RAVENNA, MICHIGAN

FINANCIAL STATEMENTS

and

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Vredeveld Haefner LLC
CPAs and Consultants

RAVENNA PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

September 21, 2021

Members of the Board of Education
Ravenna Public Schools
Ravenna, 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 Ravenna Public Schools, Ravenna, Michigan, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna Public Schools as of June 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the schedules on pages 39 through 43 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 the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The corrective action plan has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

Vredeveld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Ravenna Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial highlights

- The District was able to capitalize on unanticipated revenue as a result of ESSER/COVID Relief Funds. The District received over $674,000. These funds allowed the District to reinvest the proceeds into technology, curriculum, and equipment improvements focusing on student achievement and the use of online learning tools.
- The District continues to seek out new ways to operate more efficiently and cut costs while also investing time, energy, and resources in our students, staff, and community.

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash* flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., payments on debt).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues *(governmental activities).* The governmental activities of the District include instruction, support services, community services, food service, athletics, and interest on long-term debt. The District does not have any business-type activities.

Fund financial statements. *A fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered to be governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The District maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the debt fund which are considered to be major funds. Data for the other governmental funds, which are considered to be nonmajor funds, are combined into a single, aggregated presentation. Individual fund information for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information.* Required supplementary information includes this management discussion and analysis, schedules of general and special revenue fund budget to actual information and pension and other post-employment benefits schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by $27,521,468 at the close of the most recent fiscal year which includes a deficit unrestricted net position of $27,196,062.

A significant portion of net position is invested in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the District increased from $(27,650,967) to $(27,521,468) during the year. The primary reason for the increase was the decrease in the OPEB liability.

Following is a summary of the statement of net position providing financial information on the District as a whole:

	Governmental Activities 2021	Governmental Activities 2020
Assets		
Current and other assets	$ 4,726,620	$ 4,144,591
Capital assets	17,578,570	18,004,311
Total assets	22,305,190	22,148,902
Deferred outflows of resources	5,364,884	7,171,458
Liabilities		
Current liabilities	1,895,701	2,203,411
Long-term liabilities	49,436,441	51,209,244
Total liabilities	51,332,142	53,412,655
Deferred inflows of resources	3,859,400	3,723,168
Net position		
Net investment in capital assets	(1,048,617)	(2,848,572)
Restricted	723,211	419,142
Unrestricted (deficit)	(27,196,062)	(25,386,033)
Total net position	$(27,521,468)	$(27,815,463)

The following summary of the statement of activities presents changes in net position:

	Governmental Activities 2021	Governmental Activities 2020
Revenue		
Program revenue		
Charges for services	$ 459,389	$ 285,256
Operating grants and contributions	4,353,128	4,119,671
General revenue		
Property taxes – operations	626,367	628,856
Property taxes – debt service	1,582,410	1,521,152
Grants and contributions not restricted to specific programs	7,540,183	7,359,563
Other	21,323	24,711
Total revenue	14,582,800	13,939,209

(continued)

	Governmental Activities	
	2021	**2020**
Expenses		
Instruction	$ 7,099,903	$ 6,607,883
Support services	5,539,880	4,917,063
Community services	16,135	4,709
Food service	713,265	770,941
Athletics	372,659	352,110
Interest	711,459	820,729
Total expenses	14,453,301	13,473,435
Change in net position	129,499	465,774
Net position - beginning of year	(27,650,967)	(28,281,237)
Net position - end of year	$(27,521,468)	$(27,815,463)

Beginning net position for 2021 was increased due to implementation of GASB Statement No. 84 as more fully explained in Note 12.

Governmental activities

During the year the District expended 49% of its total expenses on instruction and 38% on support services such as guidance service, transportation, building operation and maintenance, and administration. The remaining 13% of expenses was used to provide community service, food service, athletics, and interest on long-term debt.

Financial analysis of the government's funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $2,719,772, an increase of $718,918 in comparison with the prior year.

The general fund is the chief operating fund of the District. *Unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,544,119. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13% of total general fund expenditures. Fund balance increased $318,853 from the previous year primarily due to additional federal funding for the COVID-19 pandemic.

The debt fund increased fund balance by $117,130 to a total of $452,874.

Budgetary Highlights

- The District amended its budget two times during the year (March and June). Adjustments took into consideration the actual level of per pupil state and federal funding as well as the actual student enrollment. These two factors determine how much total school aid will be received during the fiscal year. Expenditures were amended to reflect actual personnel costs and other operational changes realized during the fiscal year.
- Over the course of the 2020-2021 fiscal year the District saw higher than projected revenue arising from special funding sources due to the COVID-19 pandemic. In addition, the District received one time revenue from the sale of land and timber.

- As a result of the COVID-19 pandemic and government regulations, the District was required to shift its focus to a combination of remote and in-person learning with the ambitious goal of providing educational services to all our students. Budget amendments reflected these changing environments.
- With the Ravenna Education Association contract expiring at the end of fiscal year 2020, the District was able to negotiate a letter of agreement with the Ravenna Educational Association which resulted in a 2.2% increase in the Fall of 2021. Contract negotiations continued throughout the year resulting in a two year contract settlement in August 2021. The agreement adds to the financial stability of the District as the Board of Education continues to adopt and amend District budgets.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2021, amounted to $17,578,570 (net of accumulated depreciation).

The District's capital assets (net of depreciation) are summarized as follows:

Land	$ 225,000
Buildings and improvements, furniture and equipment, and vehicles	17,353,570
Total	**$17,578,570**

During the year, the District purchased a new bus. Additional information on the District's capital assets can be found in Note 5 of this report.

Debt. At the end of the current fiscal year, the District had long-term debt outstanding of $26,446,465.

The District's debt is summarized as follows:

Bonds	$21,525,000
State school bond loan	3,072,381
Unamortized bond premium	1,099,345
Installment purchase agreements	424,691
Compensated absences	52,048
Early retirement incentive	273,000
Total	**$26,446,465**

Additional information on the District's long-term debt can be found in Note 7 of this report. In addition, information on the pension and other post-employment benefits liabilities totaling $22,989,976 can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2021-22 fiscal year:

- Like most school districts in the State of Michigan, Ravenna Public Schools relies heavily on the State's per-pupil foundation allowance. The fiscal year 2021 School Aid budget had not been signed by the Governor prior to the Board of Education adopting the original 2021-2022 budget. As a result, the District had to make a projection in state aid based on the Governor, House and Senate proposals as well as the most up-to-date economic information related to the School Aid Fund revenues. The District budgeted $8,261 per student for the 2021-2022 per-pupil foundation allowance allocation. This represents a $150 increase from the $8,111 per-pupil foundation allocation in 2020-2021. Data suggests that in recent years the foundation allowance increase is below the rate of inflation and in other years there have been reductions to the foundation allowance. Prior to COVID-19, there had been significant economic growth in Michigan, but the pandemic has left school districts around the State with a great deal of uncertainty and pupil membership. The surrounding community of Ravenna continues to have a stable economy.

Additionally, being centrally located between the Holland, Muskegon, and Grand Rapids areas makes Ravenna an attractive place to live. Taxable value growth in Muskegon and Ottawa County increased by 4.87% and continues to have a positive impact on the Tech and Homestead millage, as well as Debt fund revenues.

- The Board of Education adopted a 2021-2022 budget based on an enrollment projection of 999 students. This represents a decrease in enrollment compared to the prior fiscal year, and is based on enrollment projections both prior to and amid the uncertainties created by the COVID-19 pandemic. The District will continue to monitor enrollment throughout the school year in order to ensure that projected revenue meets the approved amount of appropriations. The Board of Education will adopt two mid-year and final amendments as necessary to provide appropriate oversight on the District's appropriations.

Requests for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent’s office of Ravenna Public Schools at 231-853-2231.

BASIC FINANCIAL STATEMENTS

RAVENNA PUBLIC SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities
Assets	
Cash and deposits	$ 2,820,956
Due from other governments	1,856,890
Prepaid items	39,931
Inventory	8,843
Capital assets, net	
Land	225,000
Buildings and improvements, furniture and equipment, and vehicles	17,353,570
Total assets	22,305,190
Deferred outflows of resources	
Deferred outflows related to pensions	3,731,631
Deferred outflows related to other post-employment benefits	1,633,253
Total deferred outflows of resources	5,364,884
Liabilities	
Accounts payable	262,907
Accrued payroll	569,569
Fringe benefits payable	389,356
Due to other governments	51,445
Unearned revenue	21,311
Notes payable	601,113
Noncurrent liabilities	
Net pension liability	19,950,992
Net other post-employment benefits liability	3,038,984
Retirement benefits	325,048
Premium on bonds	1,099,345
Due within one year	2,465,405
Due in more than one year	22,556,667
Total liabilities	51,332,142
Deferred inflows of resources	
Deferred inflows related to pensions	1,122,589
Deferred inflows related to other post-employment benefits	2,736,811
Total deferred inflows of resources	3,859,400
Net position	
Net investment in capital assets	(1,048,617)
Restricted for	
Food service	270,337
Debt service	452,874
Unrestricted (deficit)	(27,196,062)
Total net position	$ (27,521,468)

The accompanying notes are an integral part of these financial statements.

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RAVENNA PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
Instruction	$ 7,099,903	$ -	$ 2,445,818	$ -	$ (4,654,085)
Support services	5,539,880	423,469	1,139,068	-	(3,977,343)
Community services	16,135	-	-	-	(16,135)
Food service	713,265	20,273	768,242	-	75,250
Athletics	372,659	15,647	-	-	(357,012)
Interest on long-term debt	711,459	-	-	-	(711,459)
Total governmental activities	$ 14,453,301	$ 459,389	$ 4,353,128	$ -	(9,640,784)
General revenues					
Property taxes					
Operating					626,367
Debt					1,582,410
Unrestricted grants and contributions					7,540,183
Interest earnings					21,323
Total general revenues					9,770,283
Change in net position					129,499
Net position, beginning of year, as restated					(27,650,967)
Net position, end of year					$ (27,521,468)

The accompanying notes are an integral part of these financial statements.

RAVENNA PUBLIC SCHOOLS

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2021

	General	Debt	Nonmajor Governmental Funds	Total
Assets				
Cash and deposits	$ 1,867,727	$ 452,874	$ 500,355	$ 2,820,956
Due from other funds	14,847	-	-	14,847
Due from other governments	1,803,189	-	53,701	1,856,890
Prepaid items	39,931	-	-	39,931
Inventory	-	-	8,843	8,843
Total assets	$ 3,725,694	$ 452,874	$ 562,899	$ 4,741,467
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 108,937	$ -	$ 17,223	$ 126,160
Due to other governments	51,445	-	-	51,445
Salaries payable	569,569	-	-	569,569
Fringe benefits payable	389,356	-	-	389,356
Due to other funds	-	-	14,847	14,847
Unearned revenue	21,311	-	-	21,311
Notes payable	601,113	-	-	601,113
Total liabilities	1,741,731	-	32,070	1,773,801
Fund balances				
Non-spendable				
Inventory	-	-	8,843	8,843
Prepaid items	39,931	-	-	39,931
Restricted				
Food service	-	-	261,494	261,494
Debt service	-	452,874	-	452,874
Committed				
Student/school activity	-	-	260,492	260,492
Assigned				
Subsequent year expenditures	399,913	-	-	399,913
Unassigned	1,544,119	-	-	1,544,119
Total fund balances	1,983,963	452,874	530,829	2,967,666
Total liabilities and fund balances	$ 3,725,694	$ 452,874	$ 562,899	$ 4,741,467

The accompanying notes are an integral part of these financial statements.

RAVENNA PUBLIC SCHOOLS

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2021

Fund balances - total governmental funds	$ 2,967,666
Amounts reported for *governmental activities* in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - capital assets (net)	17,578,570
Certain liabilities, such as bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - debt payable	(25,022,072)
Deduct - net pension liability	(19,950,992)
Deduct - net other post-employment benefits liability	(3,038,984)
Deduct - retirement benefits	(325,048)
Deduct - premium on bonds	(1,099,345)
Deduct - deferred inflows related to pensions	(1,122,589)
Deduct - deferred inflows related to other post-employment benefits	(2,736,811)
Add - deferred outflows related to pensions	3,731,631
Add - deferred outflows related to other post-employment benefits	1,633,253
Deduct - accrued interest on bonds and installment notes	(136,747)
Net position of governmental activities	$ (27,521,468)

The accompanying notes are an integral part of these financial statements.

RAVENNA PUBLIC SCHOOLS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2021

	General	Debt	Nonmajor Governmental Funds	Total
Revenues				
Local sources	$ 1,169,486	$ 1,584,331	$ 543,272	$ 3,297,089
State sources	9,436,469	-	158,745	9,595,214
Federal sources	1,081,000	-	609,497	1,690,497
Total revenues	11,686,955	1,584,331	1,311,514	14,582,800
Expenditures				
Current				
Instruction	6,275,022	-	-	6,275,022
Support services	4,916,243	-	118,431	5,034,674
Community services	15,313	-	-	15,313
Payments to other governmental entities	42	-	-	42
Food service	-	-	607,322	607,322
Athletics	340,370	-	-	340,370
Student/school activity	-	-	212,979	212,979
Debt service				
Principal	50,847	2,245,000	91,872	2,387,719
Interest	13,168	892,561	3,315	909,044
Total expenditures	11,611,005	3,137,561	1,033,919	15,782,485
Revenues over (under) expenditures	75,950	(1,553,230)	277,595	(1,199,685)
Other financing sources (uses)				
Bonds and installment notes issued	248,243	1,670,360	-	1,918,603
Transfers in	-	-	5,340	5,340
Transfers out	(5,340)	-	-	(5,340)
Total other financing sources (uses)	242,903	1,670,360	5,340	1,918,603
Net changes in fund balances	318,853	117,130	282,935	718,918
Fund balances, beginning of year, as restated	1,665,110	335,744	247,894	2,248,748
Fund balances, end of year	$ 1,983,963	$ 452,874	$ 530,829	$ 2,967,666

The accompanying notes are an integral part of these financial statements.

RAVENNA PUBLIC SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Net changes in fund balances - total governmental funds	$ 718,918
Amounts reported for *governmental activities* in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	316,480
Deduct - depreciation expense	(704,643)
Deduct - net book value of disposed capital assets	(37,578)
Long-term debt proceeds provide current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Deduct - draws on school bond loan fund	(1,670,360)
Deduct - installment notes issued	(248,243)
Add - principal payments on bonds and installment notes payable	2,387,719
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Deduct - decrease in deferred outflows related to pensions	(1,974,934)
Deduct - increase in net pension liability	(138,169)
Add - decrease in deferred inflows related to pensions	593,821
Add - increase in deferred outflows related to other post-employment benefits	168,360
Add - decrease in net other post-employment benefits liability	1,236,912
Deduct - increase in deferred inflows related to other post-employment benefits	(730,053)
Add - decrease in retirement benefits	26,852
Add - decrease in accrued interest payable	6,325
Add - amortization of bond premium	178,092
Change in net position of governmental activities	$ 129,499

The accompanying notes are an integral part of these financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Ravenna Public Schools, Ravenna, Michigan (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The District is located in the Counties of Muskegon and Ottawa. The District provides education and related services to students in grades kindergarten through 12th and preschool. The District is governed by a seven-member School Board elected by District residents and is administered by a superintendent appointed by the School Board.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Ravenna Public Schools. There are no component units to be included. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues are reported in total. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for the governmental funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Major governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Debt Fund* is used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental funds.

Additionally, the District reports the following fund type:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Measurement Focus and Basis of Accounting

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized when due.

All governmental funds are accounted for on a spending or "flow of current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available, spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of "available, spendable resources" during a period.

Budgets and Budgetary Accounting

Comparisons to budget are presented for general and special revenue funds. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the District Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the District are governed by Michigan Law. The appropriation ordinances are based on the projected expenditure budgets of the various functions of the District. Any amendment to the original budget must meet the requirements of Michigan Law. The District did amend its budget for the current fiscal year. Any revisions that alter the total expenditures of any activity must be approved by the School Board.

Cash and Investments

Michigan law and District policy authorizes the District to invest in:

a. Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States, or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days' notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
b. Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States or federal agency obligation repurchase agreements, and bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
e. Mutual funds that are composed entirely of investment vehicles that are legal for direct investment by a school district.
f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

Due to and Due from Other Funds

Interfund receivables and payables are short-term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the food service fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time the inventory is consumed.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than $3,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	25-50
Furniture and equipment	5-20
Vehicles	8

Long-Term Obligations

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District has items that qualify for reporting in this category relating to pension and other post-employment benefits as described in Note 6.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category relating to pension and other post-employment benefits as described in Note 6.

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.

Post-employment Benefits Other Than Pensions

For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of 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.

Compensated Absences

Liabilities related to vested sick pay are not recorded in the fund financial statements but are recorded in the statement of net position because they are not expected to be liquidated with expendable available financial resources.

Early Retirement Incentive

Eligible District employees who select early retirement are entitled to a termination leave benefit based on their age and years of service.

State Aid Revenue

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by the State of Michigan School Aid Appropriation Act. State funding accounted for 81% of the general fund revenue for the year. A certain portion of State Aid received by the District is restricted to cover specified expenses of the District, including special education costs. The unrestricted portion is for use in the general operations of the District.

Property Taxes

The District levies its property taxes July 1 and December 1 which are due by September 14 and February 14. Taxes are collected and paid to the District by Townships within the District. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the District 100% for the delinquent real taxes. Collection of delinquent personal property taxes remains the responsibility of the Village or Townships. The District levied 18 mills for operations on non-homestead properties and 7.6 mills for debt service on both homestead and non-homestead.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and medical benefits to employees. The District carries commercial insurance for general liability, property and casualty, health claims, and workers compensation. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

Fund Equity

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.

2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the entities governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by management as authorized by the entities governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund Balance can only be committed by resolution of the District's Board. The District Superintendent or his/her designee may assign fund balance as provided for by the Board.

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. DEFICIT NET POSITION

At year-end the District reported a deficit net position of $27,521,468.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

State law provides that the District shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the District's actual and budgeted expenditures for the budgeted funds have been shown at the activity level. The approved budgets of the District for these budgetary funds were adopted at the activity level. During the year ended June 30, 2021, the District incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated.

	Budget	Actual	Negative Variance
General Fund			
Support services			
Improvement Instruction	$ 58,347	$ 62,462	$ 4,115
Executive administration	364,512	366,808	2,296
Staff/personnel services	43,946	46,721	2,775
Community Services	15,269	15,313	44
Debt service			
Principal	50,841	50,847	6
Technology fund	200,000	213,618	13,618

A budget to actual statement for the Student/School Activity fund is not displayed as no budget was adopted for the fund.

4. CASH

The captions on the financial statements relating to cash are as follows:

	Governmental Activities
Cash	$2,820,956

These deposits are in financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account. They are recorded in District records at fair value.

Deposit risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of year-end, $2,651,659 of the District's bank balance of $2,901,659 was exposed to custodial credit risk because it was uninsured and uncollateralized.

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities				
Capital assets, not being depreciated				
Land	$ 225,000	$ -	$ -	$ 225,000
Capital assets, being depreciated				
Building and improvements	24,990,464	61,291	-	25,051,755
Furniture and equipment	3,980,264	89,582	45,300	4,024,546
Vehicles	1,184,932	165,607	137,526	1,213,013
Total capital assets, being depreciated	30,155,660	316,480	182,826	30,289,314
Less accumulated depreciation for				
Building and improvements	9,191,675	453,727	-	9,645,402
Furniture and equipment	2,300,565	182,118	31,140	2,451,543
Vehicles	884,109	68,798	114,108	838,799
Total accumulated depreciation	12,376,349	704,643	145,248	12,935,744
Net capital assets, being depreciated	17,779,311	(388,163)	37,578	17,353,570
Governmental activities capital assets, net	**$18,004,311**	**$(388,163)**	**$ 37,578**	**$17,578,570**

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Instruction	$362,182
Support services	286,452
Community services	822
Food Service	36,248
Athletics	18,939
Total depreciation expense - governmental activities	$704,643

6. PENSION AND OTHER POST-EMPLOYMENT BENEFITS 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 at www.michigan.gov/orsschools.

Defined Benefit Plan

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

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

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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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

		Employer	
Benefit Structure	Member	Universities	Non-Universities
Basic	0.0-4.0%	26.03%	19.41%
Member Investment Plan	3.0-7.0	26.03	19.41
Pension Plus	3.0-6.4	N/A	16.46
Pension Plus 2	6.2	N/A	19.59
Defined Contribution	0.0	19.74	13.39

Required contributions to the pension plan from the District were $1,596,104 for the year ended September 30, 2020.

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

At June 30, 2021, the District reported a liability of $19,950,992 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was .05807965 percent, which was a decrease of .17478 percent from its proportion measured as of September 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $2,643,366. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between actual and expected experience	$ 304,835	$ 42,582
Changes of assumptions	2,210,762	-
Net difference between projected and actual earnings on pension plan investments	83,825	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,952	1,080,007
Employer contributions subsequent to the measurement date	1,061,257	-
Total	$3,731,631	$1,122,589

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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2021	$791,930
2022	447,865
2023	230,810
2024	77,180

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans:	6.80% net of investment expenses
Pension Plus Plan:	6.80% net of investment expenses
Pension Plus 2 Plan:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers or 1.0000 for university employers]*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2020 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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short Term Investment Pools	2.0%	0.1%
	100%	

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

Rate of Return

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

Discount Rate

A discount rate of 6.8% was used to measure the total pension liability (6.8% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.8% (6.8% 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8% (6.8% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the 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 5.8% / 5.8% / 5.0%	Current Single Discount Rate Assumption * 6.8% / 6.8% / 6.0%	1% Increase 7.8% / 7.8% / 7.0%
$25,823,174	$19,950,992	$15,084,261

** Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 plans. University employers provide only the Basic and MIP plans.*

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)
At June 30, 2021, the District reported payables to the defined benefit pension plan totaling $150,820. The balance represents legally required contributions to the pension plan.

Other Post-Employment Benefits

Benefits Provided
Benefit provisions of the post-employment 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 post-employment 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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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

		Employer	
Benefit Structure	Member	Universities	Non-Universities
Premium Subsidy	3.00%	6.57%	8.09%
Personal Healthcare Fund (PHF)	0.00	5.99	7.57

Required contributions to the OPEB plan from the District were $400,786 for the year ended September 30, 2020.

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

At June 30, 2021, the District reported a liability of $3,038,984 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was .05672638 percent, which was a decrease of .28453 percent from its proportion measured as of October 1, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of $223,962. At June 30, 2021, the 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
Differences between actual and expected experience	$ -	$2,264,327
Changes of assumptions	1,002,013	-
Net difference between projected and actual earnings on OPEB plan investments	25,364	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55	472,484
Employer contributions subsequent to the measurement date	605,821	-
Total	$1,633,253	$2,736,811

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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Amount
2021	$(475,839)
2022	(440,492)
2023	(349,609)
2024	(243,556)
2025	(199,883)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.5% Year 15; 3.0% Year 120

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:	P-2014 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 Assumption	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 one or more dependents

Notes:

- *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 OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.9870 for non-university employers or 1.0217 for university employers]*

- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2020 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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Return Real/Opportunistic Pools	12.5%	6.6%
Short Term Investment Pools	2.0%	(0.1)%
	100%	

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

Rate of Return

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

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$3,903,920	$3,038,984	$2,310,780

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate
The following presents the District's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$2,282,898	$3,038,984	$3,898,937

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
At June 30, 2021, the District reported payables to the OPEB plan totaling $134,627. The balance represents legally required contributions to the OPEB plan.

Defined Contribution Plan

Public Act 75 of 2010 established the Pension Plus plan which provides all individuals hired on or after July 1, 2010, with a combined defined benefit and defined contribution benefit structure. Any member of MPSERS who became a member of MPSERS on or after July 1, 2010 is or may be a Pension Plus plan member.

Public Act 300 of 2012 was signed into law on September 4, 2012 amending the MPSERS system. An employee who first works September 4, 2012 or after joins the MPSERS system as a Pension Plus with Personal Healthcare Fund (PHF) member. Within 75 days of first being reported to the Office of Retirement Services, these employees can elect to become straight defined contribution plan participants. The PHF must be retained with whichever benefit plan they elect. The plan becomes retroactive to their first day.

Employees under the Pension plus plan automatically default with an employee contribution of 2 percent of the employee's pay. The District is required to match 50 percent of the employee contribution up to 1 percent. Employees may increase their personal contribution up to the annual IRS limit or can elect out of contributing.

Employees under the straight defined contribution plan automatically default with an employee contribution of 6 percent of the employee's pay. The District is required to match 50 percent of the employee contribution up to 3 percent.

Public Act 92 of 2017 establishes a new hybrid plan, and is the default option, for Michigan public school employees who first work on or after February 1, 2018. This plan is similar to the Pension Plus plan established in 2010 (and changed again in 2012) in that it has both a pension and a savings component. Eligibility for pension benefits remains the same as the Pension Plus plan at 60 years old with at least 10 years of service. Contributions are made in the savings component by both the District and employee and are deposited into a 401(k) and/or 457 tax deferred account. An employee must affirmatively elect the new hybrid plan to participate. If the employee makes no choice, as mentioned above, the default set by the law means the employee will be enrolled in the defined contribution plan. This new law mandates enhanced contributions for defined contribution participants who first work on or after September 4, 2012 which requires mandatory District contributions of 4 percent beginning with the first pay period after October 1, 2017. Beginning on February 2, 2018, the District is required to match 100 percent of the contributions made by the employee up to a maximum of 3 percent. Public Act 92 also requires the defined contribution plan to offer one or more fixed and variable annuity options for plan participants.

For the year ended June 30, 2021, District and employee contributions were $40,227 and $91,756, respectively.

7. DEBT

Short-term Debt

The following is a summary of short-term debt transactions of the District for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Michigan state aid note payable; due in seven monthly payments with final payment due in July 2020; interest payable at 1.3%	$202,600	$ -	$ 202,600	$ -
Michigan state aid note payable; due in one payment in August 2020; interest payable at 1.82%	709,100	-	709,100	-
Michigan state aid note payable 2020 A-1; due in seven monthly payments with final payment due in July 2021; interest payable at .25%	-	1,406,553	1,206,440	200,113
Michigan state aid note payable 2020 A-2; due in one payment in August 2021; interest payable at .25%	-	401,000	-	401,000
Total short-term debt	**$911,700**	**$1,807,553**	**$2,118,140**	**$601,113**

As additional security for state aid notes, the State has pledged its full faith, credit and resources and in the event of default or the unavailability or insufficiency of state school aid for any reason, the notes are payable from taxes levied within the State's constitutional and statutory limitations or payable from its unencumbered funds.

Long-term Debt

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Governmental Activities					
Bonds					
2016 Refunding Bonds – Series A payable in annual installments ranging from $620,000 to $610,000 due May 2018 through May 2029 plus interest at 4.00%	$ 5,590,000	$ -	$ 635,000	$ 4,955,000	$ 630,000
2016 Refunding Bonds – Series B payable in annual installments ranging from $1,060,000 to $1,235,000 plus interest from 1.550% to 2.430% due May 2022	2,415,000	-	1,180,000	1,235,000	1,235,000
2017 Refunding Bonds payable in annual installments ranging from $385,000 to $625,000 due May 2019 through May 2031 plus interest at 4.00%	5,725,000	-	430,000	5,295,000	445,000
2018 Refunding Bonds with interest only payments due through 2030 and beginning in 2031 principal installments ranging from $145,000 to $840,000 through May 2038 plus interest at 4.00%	5,655,000	-	-	5,655,000	-
2019 Refunding Bonds with interest only payments due through 2022 and beginning in 2023 principal installments ranging from $505,000 to $750,000 through May 2029 plus interest from 2.01% to 2.55%	4,385,000	-	-	4,385,000	-
Total Bonds	23,770,000	4,385,000	2,245,000	21,525,000	2,310,000
Direct Placements and Direct Borrowings					
2016 School bus installment purchase payable in annual installments ranging from $18,327 to $19,986 due August 2017 through August 2021 plus interest at 2.19%	39,954	-	19,564	20,390	20,390
2018 Technology equipment installment purchase payable in annual installments ranging from $32,627 to $35,819 due June 2019 through June 2022 plus interest at 3.16%	71,571	-	34,722	36,849	36,849

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
2018 School bus installment purchase payable in annual installments ranging from $13,379 to $15,631 due June 2019 through June 2024 plus interest at 3.16%	$ 59,709	$ -	$ 14,238	$ 45,471	$ 14,688
2019 School bus installment purchase payable in annual installments ranging from $13,379 to $15,631 due June 2019 through June 2024 plus interest at 3.16%	90,783	-	17,045	73,738	17,583
2020 Computer installment purchase payable in annual installments ranging from $43,811 to $45,394 due September 2021 through September 2023 plus interest at 1.79%	-	133,800	-	133,800	43,811
2020 School bus installment purchase payable in annual installments ranging from $22,084 to $23,708 due September 2021 through September 2025 plus interest at 1.79%	-	114,443	-	114,443	22,084
School bond loan fund	1,402,021	1,670,360	-	3,072,381	-
Total Direct Placements and Direct Borrowings	1,664,038	1,918,603	85,569	3,497,072	155,405
Capital leases repaid	57,150	-	57,150	-	-
Total Debt	**25,491,188**	**1,918,603**	**2,387,719**	**25,022,072**	**2,465,405**
Unamortized bond premium	1,277,437	-	178,092	1,099,345	-
Compensated absences	48,900	3,148	-	52,048	-
Early retirement incentive	303,000	46,000	76,000	273,000	64,000
Total long-term debt	**$27,120,525**	**$1,967,751**	**$2,641,811**	**$26,446,465**	**$2,529,405**

The annual requirements to amortize all debt outstanding (excluding unamortized bond premium, early retirement incentive, school bond loan fund, capital leases, and compensated absences) as of June 30, 2021 are as follows:

	Bonds		Direct Placements and Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	$ 2,310,000	$ 769,015	$ 155,405	$ 9,780
2023	1,600,000	696,004	100,365	6,011
2024	1,655,000	642,054	102,618	3,759
2025	1,715,000	586,060	42,595	1,451
2026	1,775,000	527,698	23,708	424
2027-2031	6,960,000	1,726,034	-	-
2032-2036	3,850,000	800,800	-	-
2037-2040	1,660,000	100,000	-	-
Total	$21,525,000	$5,847,665	$424,691	$21,425

Compensated absences are expected to be liquidated with general fund resources.

Borrowing through the school bond loan fund is facilitated through the State of Michigan. This borrowing was necessary when debt service requirements exceeded debt service funding within allowable debt millage limits. Payment of the school bond loan fund balance is required as debt service funding within allowable debt millage limits becomes available. The balance of the school bond loan fund payable above includes accrued interest on these borrowings to date.

The outstanding direct placements and borrowings contain a provision that in the event of default or the unavailability or insufficiency of funds the notes are payable from taxes levied within the School's constitutional and statutory limitations or from its unencumbered funds. The School has pledged its limited full faith and credit.

8. LEASES

The District conducts a portion of its operations with leased copiers and printers.

Lease expenditures on the operating lease were $20,196 in 2021, which is made up of amounts paid to the lessor. The lease agreement was entered into November 30, 2018 and automatically renews each year for a total of five years. The lease requires monthly payments of $1,683 ($20,196 annually).

The following is a schedule of annual future minimum lease payments required under operating leases with lease terms in excess of one year as of June 30, 2021:

Year	Operating Lease
2022	$20,196
2023	20,196
2024	8,415
Total minimum lease payments due	$48,807

9. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the District.

10. TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions granted by various townships in Mason, Newaygo and Oceana counties. IFT exemptions entered into under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An IFT certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government and is computed at half the local property tax millage rate, amounting to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2021, the District's property tax revenues were reduced by the following as a result of Industrial Facilities Tax exemptions:

Municipality	Amount
Ravenna Township	$ 116
Sullivan Township	5,215

The District is reimbursed from the State of Michigan under the school aid formula for lost revenue caused by tax abatements on the operating millage of non-homestead properties. The District is not reimbursed for lost revenue from the debt service millage. There are no abatements made by the District.

11. SUBSEQUENT EVENTS

Subsequent to year-end, the District entered into a state school aid note through the Michigan Finance Authority in the amount of $1,800,000. The District also issued $9,255,000 of bonds for various building projects.

12. PRIOR PERIOD ADJUSTMENT

Beginning fund balance of the Student/School Activity special revenue fund and net position of the governmental activities were increased by $164,496 to establish the special revenue fund in accordance with the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

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REQUIRED SUPPLEMENTARY INFORMATION

RAVENNA PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Revenues				
Local sources	$ 934,916	$ 1,105,186	$ 1,169,486	$ 64,300
State sources	8,476,815	9,411,665	9,436,469	24,804
Federal sources	465,885	1,067,031	1,081,000	13,969
Total revenues	9,877,616	11,583,882	11,686,955	103,073
Expenditures				
Current				
Instruction	5,654,313	6,357,614	6,275,022	82,592
Support services	4,471,970	5,131,567	4,916,243	215,324
Community services	4,445	15,269	15,313	(44)
Athletics	364,833	378,569	340,370	38,199
Payments to other governmental entities	40	42	42	-
Debt service				
Principal	51,500	50,841	50,847	(6)
Interest expense	40,000	16,500	13,168	3,332
Total expenditures	10,587,101	11,950,402	11,611,005	339,397
Revenues over (under) expenditures	(709,485)	(366,520)	75,950	442,470
Other financing sources (uses)				
Issuance of note payable	248,243	248,243	248,243	-
Transfers out	-	-	(5,340)	(5,340)
Total other financing sources (uses)	248,243	248,243	242,903	(5,340)
Net changes in fund balance	(461,242)	(118,277)	318,853	437,130
Fund balance, beginning of year	1,665,110	1,665,110	1,665,110	-
Fund balance, end of year	$ 1,203,868	$ 1,546,833	$ 1,983,963	$ 437,130

RAVENNA PUBLIC SCHOOLS

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PROPROTIONATE SHARE OF
NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2021

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (%)	0.58080%	0.05983%	0.06281%	0.06575%	0.06317%	0.06218%	0.06055%
District's proportionate share of the net pension liability	$ 19,950,992	$ 19,812,823	$ 18,883,218	$ 17,039,563	$ 15,759,767	$ 15,188,366	$ 13,337,739
District's covered payroll	$ 5,042,491	$ 5,221,255	$ 5,116,122	$ 5,584,832	$ 5,376,704	$ 5,405,416	$ 4,523,153
District's proportionate share of the net pension liability as a percentage of its covered payroll (%)	395.66%	379.46%	369.09%	305.10%	293.11%	280.98%	294.88%
Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Notes to schedule:
Amounts were determined as of September 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2020.
Changes of assumptions: There were no changes of benefit assumptions in 2020.
This schedule is being accumulated prospectively until ten years of data is presented.

RAVENNA PUBLIC SCHOOLS

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 1,596,104	$ 1,589,338	$ 1,710,457	$ 1,542,272	$ 1,467,105	$ 1,362,349	$ 1,312,688
Contributions in relation to statutorily required contributions *	1,596,104	1,589,338	1,710,457	1,542,272	1,466,506	1,363,198	1,313,129
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 599	$ (849)	$ (441)
District's covered payroll	$ 5,025,978	$ 5,012,240	$ 5,214,147	$ 5,188,243	$ 5,376,704	$ 5,337,539	$ 5,455,839
Contributions as a percentage of covered payroll	31.8%	31.7%	32.8%	29.7%	27.3%	25.5%	24.1%

** Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.*

Notes to schedule:
Amounts were determined as of June 30 of each fiscal year.
This schedule is being accumulated prospectively until ten years of data is presented.

RAVENNA PUBLIC SCHOOLS

OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY

FOR THE YEAR ENDED JUNE 30, 2021

	2020	2019	2018	2017
District's proportion of the net OPEB liability (%)	0.05673%	0.05957%	0.06003%	0.06555%
District's proportionate share of the net OPEB liability	$ 3,038,984	$ 4,275,896	$ 4,771,865	$ 5,804,960
District's covered payroll	$ 5,042,491	$ 5,221,255	$ 5,116,122	$ 5,584,832
District's proportionate share of the net OPEB liability as a percentage of its covered payroll (%)	60.27%	81.89%	93.27%	103.94%
Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%

Notes to schedule:
Amounts were determined as of September 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2020.
Changes of assumptions: There were no changes of benefit assumptions in 2020.
This schedule is being accumulated prospectively until ten years of data is presented.

RAVENNA PUBLIC SCHOOLS

OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Statutorily required contributions	$ 400,786	$ 409,023	$ 389,661	$ 510,352
Contributions in relation to statutorily required contributions *	400,786	409,023	389,661	510,352
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,025,978	$ 5,012,240	$ 5,214,147	$ 5,188,243
Contributions as a percentage of covered payroll	8.0%	8.2%	7.5%	9.8%

** Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.*

Notes to schedule:
Amounts were determined as of June 30 of each fiscal year.
This schedule is being accumulated prospectively until ten years of data is presented.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

RAVENNA PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Revenues				
Local sources				
Property taxes	$ 685,686	$ 652,214	$ 626,367	$ (25,847)
Interest	20,000	18,500	18,996	496
Athletic events	33,230	15,039	15,647	608
Transportation	30,000	23,000	28,472	5,472
Other	166,000	396,433	480,004	83,571
Total local sources	934,916	1,105,186	1,169,486	64,300
State sources				
Foundation allowance	6,507,294	7,540,201	7,540,183	(18)
MPSERS	860,594	900,883	935,319	34,436
Special education	210,000	200,000	213,058	13,058
At risk	380,693	396,442	377,991	(18,451)
Other	518,234	374,139	369,918	(4,221)
Total state sources	8,476,815	9,411,665	9,436,469	24,804
Federal sources				
Title I	106,120	107,109	107,109	-
Title II	26,900	27,095	27,056	(39)
Title III	3,126	6,387	6,384	(3)
TitleIV	10,000	10,000	10,000	-
I.D.E.A.	317,739	300,000	313,976	13,976
Other	2,000	616,440	616,475	35
Total federal sources	465,885	1,067,031	1,081,000	13,969
Total revenues	$ 9,877,616	$ 11,583,882	$ 11,686,955	$ 103,073

RAVENNA PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Expenditures				
Current				
Instruction				
Elementary	$ 1,575,687	$ 1,721,481	$ 1,713,621	$ 7,860
High school	1,181,389	1,311,433	1,287,659	23,774
Middle school	1,054,487	1,524,912	1,518,297	6,615
Pre-school	35,629	40,944	36,975	3,969
Special education	1,049,607	1,074,752	1,066,169	8,583
Compensatory education	757,514	684,092	652,301	31,791
Total instruction	5,654,313	6,357,614	6,275,022	82,592
Support services				
Guidance services	896,767	998,609	959,174	39,435
Improvement of instruction	90,931	58,347	62,462	(4,115)
Educational media services	173,800	344,950	305,244	39,706
Supervision/director of instruction	30,260	8,494	8,093	401
Student assessment	4,000	1,000	-	1,000
Board of Education	60,000	91,750	78,147	13,603
Executive administration	317,387	364,512	366,808	(2,296)
Principal	585,659	604,330	585,839	18,491
Fiscal services	205,518	191,259	173,027	18,232
Other business services	18,000	18,259	18,259	-
Operations and maintenance	1,205,215	1,571,787	1,547,982	23,805
Transportation	648,128	639,942	587,815	52,127
Staff/Personnel services	38,336	43,946	46,721	(2,775)
Technology services	197,969	194,382	176,672	17,710
Total support services	4,471,970	5,131,567	4,916,243	215,324
Community services	4,445	15,269	15,313	(44)
Athletics	364,833	378,569	340,370	38,199
Payments to other governmental entities	40	42	42	-
Debt service				
Principal	51,500	50,841	50,847	(6)
Interest expense	40,000	16,500	13,168	3,332
Total expenditures	$ 10,587,101	$ 11,950,402	$ 11,611,005	$ 339,397

RAVENNA PUBLIC SCHOOLS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2021

	Special Revenue			
	Food Service	Technology	Student/School Activity	Total
Assets				
Cash and deposits	$ 234,290	$ -	$ 266,065	$ 500,355
Due from other governments	44,427	9,274	-	53,701
Inventory	8,843	-	-	8,843
Total assets	$ 287,560	$ 9,274	$ 266,065	$ 562,899
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 17,223	$ -	$ -	$ 17,223
Due to other funds	-	9,274	5,573	14,847
Total liabilities	17,223	9,274	5,573	32,070
Fund balances				
Non-spendable				
Inventory	8,843	-	-	8,843
Restricted				
Food service	261,494	-	-	261,494
Committed				
Student/school activity	-	-	260,492	260,492
Total fund balances	270,337	-	260,492	530,829
Total liabilities and fund balances	$ 287,560	$ 9,274	$ 266,065	$ 562,899

RAVENNA PUBLIC SCHOOLS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue			
	Food Service	Technology	Student/School Activity	Total
Revenues				
Local sources	$ 20,679	$ 213,618	$ 308,975	$ 543,272
State sources	158,745	-	-	158,745
Federal sources	609,497	-	-	609,497
Total revenues	788,921	213,618	308,975	1,311,514
Expenditures				
Current				
Support services	-	118,431	-	118,431
Food service	607,322	-	-	607,322
Student/school activity	-	-	212,979	212,979
Debt service				
Principal	-	91,872	-	91,872
Interest	-	3,315	-	3,315
Total expenditures	607,322	213,618	212,979	1,033,919
Revenues over (under) expenditures	181,599	-	95,996	277,595
Other financing sources (uses)				
Transfers in	5,340	-	-	5,340
Net changes in fund balances	186,939	-	95,996	282,935
Fund balances, beginning of year, as restated	83,398	-	164,496	247,894
Fund balances, end of year	$ 270,337	$ -	$ 260,492	$ 530,829

RAVENNA PUBLIC SCHOOLS

FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts Original	Budget Amounts Final	Actual Amount	Variance Positive (Negative)
Revenues				
Local sources	$ 177,250	$ 19,575	$ 20,679	$ 1,104
State sources	20,500	158,706	158,745	39
Federal sources	305,000	567,343	609,497	42,154
Total revenues	502,750	745,624	788,921	43,297
Expenditures				
Current				
Salaries	180,000	170,000	157,513	12,487
Fringe benefits	81,170	80,200	81,956	(1,756)
Food supplies	35,000	25,000	25,727	(727)
Contracted services	296,000	296,000	285,621	10,379
Indirect costs	9,050	58,064	56,505	1,559
Total expenditures	601,220	629,264	607,322	21,942
Net changes in fund balance	(98,470)	116,360	181,599	65,239
Fund balance, beginning of year	83,398	83,398	83,398	-
Fund balance, end of year	$ (15,072)	$ 199,758	$ 264,997	$ 65,239

RAVENNA PUBLIC SCHOOLS

TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts Original	Budget Amounts Final	Actual Amount	Variance Positive (Negative)
Revenues				
Local sources	$ 195,000	$ 200,000	$ 213,618	$ 13,618
Expenditures				
Current				
Support services				
Salaries	55,706	55,706	57,071	(1,365)
Fringe benefits	34,438	37,170	39,064	(1,894)
Technology services	9,669	11,937	22,296	(10,359)
Debt service				
Principal	91,872	91,872	91,872	-
Interest expense	3,315	3,315	3,315	-
Total expenditures	195,000	200,000	213,618	(13,618)
Net changes in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

SINGLE AUDIT SECTION

Vredeveld Haefner LLC
CPAs and Consultants
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

September 21, 2021

Members of the Board of Education
Ravenna Public Schools
Ravenna, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna Public Schools, Ravenna, Michigan (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Vredeveld Haefner LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

September 21, 2021

Members of the Board of Education
Ravenna Public Schools
Ravenna, Michigan

Report on Compliance for Each Major Federal Program

We have audited Ravenna Public Schools, Ravenna, Michigan (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vrakas/Haefner LLC

RAVENNA PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2020	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis) (Memo Only) Prior Year	Expenditures (Accrual Basis) Current Year	Accrued (Deferred) Revenue 6/30/2021
U.S. Department of Education							
Passed through Michigan Department of Education							
Title I	84.010						
201530-1920		$ 106,120	$ -	$ -	$ 106,120	$ -	$ -
211530-2021		107,109		95,723	-	107,109	11,386
Total Title I		213,229	-	95,723	106,120	107,109	11,386
Title II Part A	84.367						
200520-1920		27,065	-	-	27,065	-	-
210520-2021		27,095	-	23,572	-	27,056	3,484
Total Title II Part A		54,160	-	23,572	27,065	27,056	3,484
Title IV, Part A SSAE	84.424						
200750-1920		10,000	-	-	10,000	-	-
210750-2021		10,000	-	9,214	-	10,000	786
		20,000	-	9,214	10,000	10,000	786
Title III, Part A English Learners	84.365						
210580-2021		6,384	-	6,384	-	6,384	-
COVID-19 - GEER K-12 Funds	84.425						
201200-2021		59,159	-	59,159	-	59,159	-
COVID-19 - ESSER II Formula Funds	84.425						
213712-2021		161,542	-	161,542	-	161,542	-
Total passed through Michigan Department of Education		514,474	-	355,594	143,185	371,250	15,656
Passed through Muskegon Intermediate School District							
Special Education Cluster							
IDEA Grants to States	84.027A						
200450-1920		305,345	89,456	89,456	305,345	-	-
210450-2021		313,976	-	313,976	-	313,976	-
Total IDEA Grants to States		619,321	89,456	403,432	305,345	313,976	-
Total passed through Muskegon Intermediate School District		619,321	89,456	403,432	305,345	313,976	-
Total U.S. Department of Education		**1,133,795**	**89,456**	**759,026**	**448,530**	**685,226**	**15,656**
U.S. Department of Treasury							
Passed through Michigan Department of Education	21.019						
COVID-19 - CRF Section 11p - Coronavirus Relief Funds		361,715	-	361,715	-	361,715	-
COVID-19 - CRF Section 103(2) - District COVID Costs Funds		12,732	-	12,732		12,732	-
		374,447	-	374,447	-	374,447	-
Passed through Copper County Intermediate School District	21.019						
COVID-19 - MiConnect Device Purchasing		19,794	-	19,794	-	19,794	-
Total U.S. Department of Treasury		**394,241**	**-**	**394,241**	**-**	**394,241**	**-**

(continued)

RAVENNA PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2020	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis) (Memo Only) Prior Year	Expenditures (Accrual Basis) Current Year	Accrued (Deferred) Revenue 6/30/2021
U.S. Department of Agriculture							
Passed through Michigan Department of Education							
Nutrition Cluster							
Non-Cash Assistance (USDA Commodities)							
Entitlement Commodities	10.555	$ 36,872	$ -	$ 25,727	$ 25,385	$ 25,727	$ -
Cash Assistance							
Lunch Program	10.555						
200902		205,166	-	-	205,166	-	-
201960		147,043	-	-	147,043	-	-
Total Lunch Program		352,209	-	-	352,209	-	-
Summer Food Program	10.559						
200900		45,623	-	45,623	-	45,623	-
210904		538,147	-	496,720	-	538,147	41,427
Total SFSP		583,770	-	542,343	-	583,770	41,427
Total Cash Assistance		935,979	-	542,343	352,209	583,770	41,427
Total Nutrition Cluster		972,851	-	568,070	377,594	609,497	41,427
Total U.S. Department of Agriculture		**972,851**	**-**	**568,070**	**377,594**	**609,497**	**41,427**
U.S. Department of Health and Human Services							
Passed through Muskegon Area Intermediate School District							
Medical Assistance Program	93.778						
1920		1,200	-	1,200	-	1,200	-
2021		333	-	333	-	333	-
Total Medical Assistance Program		1,533	-	1,533	-	1,533	-
TOTAL FEDERAL FINANCIAL ASSISTANCE		**$ 2,502,420**	**$ 89,456**	**$ 1,722,870**	**$ 826,124**	**$ 1,690,497**	**$ 57,083**

(concluded)

See notes to schedule of expenditures of federal awards.

RAVENNA PUBLIC SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.

2. Management has utilized the Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

3. Revenues from federal sources per governmental funds financial statements and expenditures per the Schedule of Expenditures of Federal Awards both total $989,929.

4. The District did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

RAVENNA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ yes	X no
Significant deficiency(ies) identified?	______ yes	X none reported
Noncompliance material to financial statements noted?	______ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ yes	X no
Significant deficiency(ies) identified?	______ yes	X none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	______ yes	X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555, 10.559	Nutrition Cluster
84.425	Education Stabilization Funds

Dollar threshold used to distinguish between Type A and B programs:	$750,000	
Auditee qualified as low-risk auditee?	______ yes	X no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001

Condition and Criteria: The U.S. Department of Agriculture regulation located at 7 CFR Part 210, Subpart C, Section 210.14(b) states that the food service fund is to limit its net cash resources to an amount that does not exceed 3 months average expenditures. The fund balance in the District's food service fund exceeded the allowable amount at June 30, 2021.

Cause: While the appropriate District employees were aware of the applicable compliance requirements, the District was unable to spend enough funds during the year to reduce the fund balance of the food service fund.

Effect: Noncompliance with the requirements of the Code of Federal Regulations.

Recommendation: The District should develop and implement a plan to reduce its net cash resources to the allowable limit.

Management Response: The District has developed a corrective action plan that provides for reducing net cash resources to the allowable limit.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

Finding 2020-001 was resolved during the year.

Ravenna Public Schools

Administration Offices

12322A Stafford Street ♦ Ravenna, MI ♦ 49451

1) 853-2231 ♦ Fax: (231) 853-2193 ♦ www.ravennaschools.org

Corrective Action Plan

September 17, 2021

Michigan Department of Education

Lansing, MI

Ravenna Public Schools is in agreement with the finding identified and respectfully submits the following Corrective Action Plan for the year ended June 30, 2021.

2021-001 — Excess Food Service Fund Balance

The food service fund balance ended June 30, 2021 with an excess allowable fund balance. This occurred due to an increase in reimbursements while a decrease in expenses. Due to COVID, the district was cautious on updating equipment and hiring additional staff.

The District's responsible parties include the Food Service Director (Nicholas Lazo), the Superintendent (Greg Helmer) and the Director of Business Services (Kathleen Hamilton). All of these individuals have been made aware of the issue and discussed the possibilities to reduce the fund balance for the 2021-2022 school year. The focus of the District to reduce the fund balance will be to:

- Increasing staffing to better serve the students at Ravenna Public Schools.
- Increase staffing to better serve the students at Ravenna Public Schools.
- Update equipment in the high school due to remodeling.
- Improve services to add value to the food service program.

Implementation and Monitoring:
The District will be implementing the plan throughout the 2021-2022 school year, with all purchases being received no later than June 30, 2022. The Director of Business Services along with the Director of Food Service, will monitor the progress to determine if additional fund balance dollars will need to be spent throughout the fiscal year to comply with current regulations. Dialogue between the Director of Business Services, the Food Service Director and the Superintendent will continue throughout the year to keep all parties current on the fund balance status and the plan will be updated if needed.
If the Michigan Department of Education has any questions regarding this plan, please contact Kathleen Hamilton, 231-730-7465, or email khamilton@muskegonisd.org.

Sincerely,

Kathleen Hamilton, MAISD/RPS

Kathleen Hamilton
Director of Business Services

Planted in Promise; Growing in Pride.