Romeo Community Schools

Financial Statements

June 30, 2020

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Independent Auditors' Report

Management and the Board of Education
Romeo Community Schools
Romeo, 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 Romeo Community Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Romeo Community Schools, as of June 30, 2020, 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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Romeo Community Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2020 on our consideration of Romeo Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Romeo Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Romeo Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
September 4, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Romeo Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2020. Please read this in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Romeo Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund and Facilities Bond Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The format of the annual report is as follows:

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

Basic Financial Statements
Government-wide Financial Statements
Fund Financial Statements

Notes to the Financial Statements

Budgetary Information for Major Funds
(Required Supplementary Information)

Other Supplementary Information

Reporting the School District as a Whole – Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District's net position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the Schools District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (food services is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

- Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as a Trustee – Reporting the Schools District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2020 and 2019:

TABLE 1	Governmental Activities	
	June 30, 2020	June 30, 2019
Assets		
Current and other assets	$ 48,329,011	$ 43,946,185
Capital assets	120,483,151	113,104,943
Total assets	168,812,162	157,051,128
Deferred Outflows of Resources		
Deferred amount on debt refunding	-	90,199
Deferred amount relating to net pension liability	29,657,927	29,521,392
Deferred amount relating to net OPEB liability	7,854,779	4,464,530
Total deferred outflows of resources	37,512,706	34,076,121
Total assets and deferred outflows of resources	206,324,868	191,127,249
Liabilities		
Current liabilities	10,752,769	17,894,451
Long-term liabilities	214,542,273	186,446,495
Total liabilities	225,295,042	204,340,946
Deferred Inflows of Resources		
Deferred amount relating to net pension liability	8,952,493	13,445,087
Deferred amount relating to net OPEB liability	9,164,004	6,013,178
Total deferred inflows of resources	18,116,497	19,458,265
Total liabilities and deferred inflows of resources	243,411,539	223,799,211
Net Position		
Net investment in capital assets	62,540,061	62,166,409
Restricted	3,198,460	1,588,437
Unrestricted	(102,825,192)	(96,426,808)
Total net position	$ (37,086,671)	$ (32,671,962)

Table 1 focuses on the net position. The change in net position (see Table 2) of the School District's governmental activities is discussed later in this section. The School District's net position was ($37,086,671) at June 30, 2020. Net investment in capital assets totaling $62,540,061 compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position was unrestricted.

The ($102,825,192) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. Also impacting the net position in fiscal year 2020 and 2019 were the net pension and net OPEB liabilities activities. The net pension liability was $102,513,490 and the net OPEB liability was $22,489,072 at June 30, 2020, contributing to a deficit unrestricted net position of ($102,825,192).

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal year 2020 and 2019.

TABLE 2	Governmental Activities	
	June 30, 2020	June 30, 2019
Revenue		
Program revenue:		
Charges for services	$ 1,548,063	$ 1,882,588
Operating grants and contributions	10,852,677	9,702,010
General revenue:		
Property taxes	18,078,742	17,230,310
State aid - unrestricted	34,070,243	34,239,979
Interest and investment earnings	492,566	861,450
Other	1,095,922	1,139,944
Total revenue	66,138,213	65,056,281
Functions/Program Expenses		
Instruction	43,133,692	35,938,335
Supporting services	22,071,375	21,434,879
Food services	1,740,231	1,511,851
Community services	1,083,606	982,886
Interest on long-term debt	2,524,018	2,378,667
Total functions/program expenses	70,552,922	62,246,618
Change in net position	(4,414,709)	2,809,663
Net position - beginning	(32,671,962)	(35,481,625)
Net position - ending	$ (37,086,671)	$ (32,671,962)

As reported in the statement of activities, the cost of all of our governmental activities this year was $70,552,922. Certain activities were partially funded from those who benefited from the programs of $1,548,063 or by other governments and organizations that subsidized certain programs with grants and contributions of $10,852,677. We paid for the remaining "public benefit" portion of our governmental activities with $18,078,742 in taxes, $34,070,243 in unrestricted State Aid, and $1,588,488 with our other revenues, i.e., interest and general entitlements.

The School District experienced an decrease in net position of $4,414,709. The key reason for the change in net position was the limited increases in revenue in the areas of unrestricted State funding. Increases in the Foundation Allowance that were allocated to School Districts were later reduced with a Revenue Shortfall Reduction applied late in the fiscal year due to the anticipated State Aid Fund funding shortage. Revenue decreased in the Community Service and Food Service funds as their sources of revenues were impacted by the closure or schools amidst the pandemic. Expenditures increased in all areas as labor contracts were settled, earlier in the fiscal year, and wages increased. Despite schools being shut down March 12, 2020 as ordered by the State's Governor Gretchen Whitmer, employees continued to be paid, Food Service costs grew as the District fed all students in the Emergency Feeding Program and the Community Service programs were adversely impacted.

<u>The School District's Funds</u>

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

As the School District completed this year, the governmental funds reported a combined fund balance of $38,074,243, which is an increase of $5,331,397 from last year. The primary reason for the increase in the combined fund balance is the sale of the second series of the 2016 voter approved Facilities Bond for $19,000,000

In the General Fund, our principal operating fund, the fund balance decreased $1,549,154 during 2020. The change in fund balance is mainly due to the District's intentional use of fund balance to settle labor contracts to attract and retain quality professional staff and restore wages for those that had not seen wage increases for many years.

Our Special Revenue Funds had a net decrease of $395,446 in fund balance. The Food Services Fund decreased its fund balance by $58,362 primarily due to the fact the although revenues increased due to the Federal reimbursement of school meals during the Emergency Feeding Program that began in March during the State mandated school closure, the cost of labor and procuring food during the pandemic were cost increases, while the ability for Food Service to sell additional food items, as sold during the in-person school day was eliminated. The Community Services Fund, which includes community facility use services and early childhood services, including after school care and preschool programs, as well as, infant and toddler care, had a decrease in fund balance of $338,434 due to the State mandated school closure, the ability for the fund to charge for services was eliminated and employees were paid for a period of time. Their inability to provide and charge for services, had a significant impact on the Fund's ability to recoup labor costs. Also, the District transferred $98,161 to the General Fund which is an increase of $0 from the amount transferred in the previous year. While the District initially planned to transfer a larger portion of the Community Service Fund, fund balance to the General Fund, at the end of fiscal year, it became clear that the Community Service Fund could not support a larger transfer than $98,161.

Combined, the Debt Service Funds showed a fund balance increase of $47,768. This modest increase is designed to maintain the fund balance at a moderate level.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements.

There were revisions made to the 2019-2020 General Fund original budget. Revenues were adjusted to account for the increase in State Aid allowances that were in the State's budget that was adopted after June 30, 2019.

Budgeted expenditures increased primarily due to the settlement in labor contracts that were settled after June 30, 2019.

There were variances between the final budget and actual amounts. At the end of the 2019-2020 fiscal year, and after the final General Fund budget was adopted, the State implemented a School Aid Fund Revenue Shortfall Reduction, that was not planned for in the final budget for 2019-2020, impacting the State sources of revenue.

With the uncertainties of what additional purchases the District would expend due to PPE, cleaning equipment and additional staff hours for cleaning, there were expenditure variations compared to the budget in Operations and Maintenance. There were also variances in Basic Programs, Added Needs, and Instructional Staff Support due to the uncertainty of needs while the District provided instruction and support during the pandemic..

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the School District had $120,483,151 invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of $7,378,208.

	2020	2019
Land	$ 461,702	$ 461,702
Construction in progress	5,429,707	39,609,419
Buildings and building improvements	143,265,566	98,965,188
Land improvements	8,646,326	8,646,326
Buses and other vehicles	4,641,051	4,641,051
Furniture and equipment	23,447,994	21,627,673
Total capital assets	185,892,346	173,951,359
Less accumulated depreciation	(65,409,195)	(60,846,416)
Net capital assets	$ 120,483,151	$ 113,104,943

This year's net addition is a combination of the final expenditures of the new high school and the new construction project of the renovation of the old high school to become the new middle school. The District moved the new high school out of the Construction in Progress to increase Building and Land Improvements, while the Construction in progress now includes the renovations of the old high school to become the new middle school, to open in the fall of 2020. There are more changes to come as the old Romeo Middle School is scheduled to be razed in 2020 and the former Powell Middle School is being renovated to facilitate the 9th Grade Academy at Powell.

Debt

At the end of this year, the School District had $79,065,000 in bonds outstanding versus $65,830,000 in the previous year. Those bonds consisted of the following:

	2020	2019
General obligation bonds	$ 79,065,000	$ 65,830,000

The School District's general obligation bond rating is Aa1 by Moody's Investors Service. The School District's rating by Standard & Poor's is A. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt does not approach the state limit.

Other obligations include accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

Our Board of Education and administration consider many factors when setting the School District's 2020-2021 fiscal year budget. However, it is necessary to provide the background on how our budget plan was developed and what events necessitated the plan. On March 12, 2020 Governor Gretchen Whitmer ordered the closure of all schools in Michigan until April 6, 2020 in order to slow the spread of COVID-19. That order was later extended to the remainder of the 2019-2020 school year. Despite the school closing, the District was required to continue to pay employees, prepare and implement a Continuity of Learning Plan for remote learning, and feed all children 18 and under, under the Emergency School Feeding Program, in order to continue to receive State Aid.

At the May, 2020 Consensus Revenue Estimating Conference, the leaders from the House and Senate Fiscal Agencies and the State Treasurer met to come to a consensus of the 2019-2020 revenues and the projected revenues for the fiscal year 2020-2021. Due to the pandemic and the estimated economic impact that high unemployment rates, as well as, the anticipated reduction of revenue generated through sales tax, the State financial outlook was dismal. State budget shortfalls were estimated at $3 billion for both 2020 and 2021 and the impact to school districts were estimated to be a cut of $700 per pupil for both budget years. The Board of Education was updated regularly as information changed and the District used many resources to keep up with the latest developments as they changed, sometimes daily.

The District utilized the District Leadership Team process to make recommendations to the Board of Education of Fund Balance Targets and Cost Savings Reductions. The Cost Savings Reductions were comprised of a three tier process. Each tier used cost savings measures to allow for flexibility as budget changes were communicated to the District by the State. As time passed, it became the recommendation of the Administration and the District Leadership Team that the District would implement the first tier of budget reductions, as it was uncertain whether or not the District would receive a budget cut in the 2019-2020 fiscal year. In July of 2020, legislation was enacted that actually would reduce the 2019-2020 State Aid in the final payment of the fiscal year by $175 per student, to be accounted for in the 2019-2020 fiscal year, that adjustment was not budgeted for. The expectation, however, was that the District would receive a $700 per pupil cut for the 2020-2021 fiscal year and that was the included in the adopted budget for the 2020-2021 fiscal years' budget.

In November of 2019, the voters in the Macomb County Intermediate School District boundaries approved a $440 per pupil enhancement millage that will be distributed through the ISD to districts within the

County. This is a five-year millage and the District is grateful for the additional revenue and support of the community.

In addition, one of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2021 fiscal year changed after the adoption of the budget for the 2020-2021 fiscal year, for the 2020-2021 school year only the State is using a "Super Blend" which is intended to provide some budget stability for student declines. The blend will use the final counts from FY 2019-20 and FY 2020-21 count information. The calculation blends 75% of 2019-2020 FTEs with 25% of the 2020-2021 FTEs. The 2020-2021 budget was adopted in June 2020, based on an estimate of students that will be enrolled in October 2020. Approximately 75 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2020-2021 and taking into account the pandemic concerns for the school year, we anticipate that the fall student count will be lower than previous years with a reduction of 29.7 FTEs. However, the new "Super Blend" may help stabilize the reduction of students. Once the final student count and related per-pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State recently held an additional Consensus Revenue Estimating Conference in August, 2020 which gave a brighter outlook for the 2020-2021 funding. Although at this time, there is no clear indication from the State what the funding will be for the 2020-2021 school year despite the improved economic outlook for the State.

The State has also released federal funds from the CARES Act that will allow for increased funding for the 2020-2021 FY. Those funds equal $350 per pupil.

Amongst these budget challenges, the District has prepared a Return to Learn plan to for the start of the 2021 School Year. The plan provides instruction for both in-person and remote learning through a hybrid schedule model of the student/parent's choosing. The Plan was developed through leadership and task force teams with parent input through parent forums, with student and staff safety a top priority.

The District, as of June 30, 2020, has been in contract negotiations with the REA (teachers), AFSCME (Grounds & Maintenance), AFSCME (Food Service). To date, the REA contract has been settled with a wage reopener in November, 2020. The food services and grounds/maintenance bargaining agreements have expired and the District continues to negotiate with those bargaining units. The financial impact of these contract settlements will be incorporated in future budget amendments.

The District plans to continue the improvement projects related to the 2016 Capital Projects Bond which the voters approved. The District opened and completed its first year in the new Romeo High School. The old high school was renovated to become the new Romeo Middle School, combining students from two separate middle schools into one larger campus. Students will be attending the new Romeo Middle School in the Fall of 2020. In March the District sold the second of two series of bonds, $19,000,000. With these funds the District will continue the plan to renovate the previous Powell Middle School and it will become the 9th Grade Academy at Powell in the Fall of 2020. Other renovation projects throughout the District will continue throughout the 2020-2021 school year.

Romeo Community Schools has taken up the national challenge; moving to provide all students with more of the advanced skills they need to be successful, productive citizens in college, career, and life. It is called the Academies of Romeo. For the third year the 9th grade students will start the 2020-2021 school year in the 9th Grade Academy. The 10-12th grade students will enter the High School following their Academy model. Academies allow students to choose a thematic course of study, such as engineering, healthcare, or information technology, and learn in a relevant, hands-on environment with real-world applications. Upon entering 10th grade, students will be a part of one of three career academies; Academy of Business, Entrepreneurship, and Innovation; Academy of Design, Engineering, and Manufacturing; and Academy of Health, Human, and Public Services, these career academies were fully implemented beginning with the 2019-2020 school year.

Contacting the District's Financial Management

The financial report is designed to provide our citizens and taxpayers with a general overview of the School District's finances and to show the School District's accountability for the funds it received. If you have questions about this report or need additional information, contact the Business Office.

BASIC FINANCIAL STATEMENTS

Romeo Community Schools
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash	$ 40,129,239
Accounts receivable	43,435
Due from other governmental units	7,579,338
Inventory	176,427
Investments	70,552
Prepaid items	320,182
Capital assets not being depreciated	5,891,409
Capital assets - net of accumulated depreciation	114,591,742
Total assets	168,812,162
Deferred Outflows of Resources	
Deferred amount relating to net pension liability	29,657,927
Deferred amount relating to net OPEB liability	7,854,779
Total deferred outflows of resources	37,512,706
Liabilities	
Accounts payable	4,187,885
Due to other governmental units	1,026,200
Accrued expenditures	504,217
Accrued salaries payable	4,786,844
Unearned revenue	247,623
Noncurrent liabilities	
Debt due within one year	5,598,867
Debt due in more than one year	83,940,844
Net pension liability	102,513,490
Net OPEB liability	22,489,072
Total liabilities	225,295,042

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Statement of Net Position
June 30, 2020

	Governmental Activities
Deferred Inflows of Resources	
Deferred amount relating to net pension liability	$ 8,952,493
Deferred amount relating to net OPEB liability	9,164,004
Total deferred inflows of resources	18,116,497
Net Position	
Net investment in capital assets	62,540,061
Restricted for	
Debt service	555,059
Capital projects	2,643,401
Unrestricted (deficit)	(102,825,192)
Total net position	$ (37,086,671)

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Statement of Activities
For the Year Ended June 30, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Governmental activities					
Instruction	$ 43,133,692	$ 3,124	$ 6,993,428	$ -	$ (36,137,140)
Supporting services	22,071,375	314,246	3,011,185	-	(18,745,944)
Food services	1,740,231	566,819	848,064	-	(325,348)
Community services	1,083,606	663,874	-	-	(419,732)
Interest on long-term debt	2,524,018	-	-	-	(2,524,018)
Total governmental activities	$ 70,552,922	$ 1,548,063	$ 10,852,677	$ -	(58,152,182)
General revenues					
Property taxes, levied for general purposes					7,446,334
Property taxes, levied for debt service					8,765,096
Property taxes, levied for sinking fund					1,867,312
Special education millage					843,903
State aid - unrestricted					34,070,243
Interest and investment earnings					492,566
Gain on sale of capital assets					34,411
Other					217,608
Total general revenues					53,737,473
Change in net position					(4,414,709)
Net position - beginning					(32,671,962)
Net position - ending					$ (37,086,671)

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Facilities Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 2,947,354	$ 30,500,769	$ 6,681,116	$ 40,129,239
Accounts receivable	32,932	-	10,503	43,435
Due from other funds	14,068	-	270,629	284,697
Due from other governmental units	7,579,338	-	-	7,579,338
Interest receivable	-	9,838	-	9,838
Inventory	134,246	-	42,181	176,427
Investments	-	70,552	-	70,552
Prepaid items	318,282	-	1,900	320,182
Total assets	$ 11,026,220	$ 30,581,159	$ 7,006,329	$ 48,613,708
Liabilities				
Accounts payable	$ 384,363	$ 3,769,653	$ 33,869	$ 4,187,885
Due to other funds	269,784	-	14,913	284,697
Due to other governmental units	1,026,200	-	-	1,026,200
Accrued expenditures	1,406	-	4,810	6,216
Accrued salaries payable	4,786,844	-	-	4,786,844
Unearned revenue	148,021	-	99,602	247,623
Total liabilities	6,616,618	3,769,653	153,194	10,539,465

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Facilities Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance				
Non-spendable				
Inventory	$ 134,246	$ -	$ 42,181	$ 176,427
Prepaid items	318,282	-	1,900	320,182
Restricted for				
Food service	-	-	179,236	179,236
Debt service	-	-	1,020,060	1,020,060
Capital projects	-	26,811,506	5,477,322	32,288,828
Assigned				
Budgeted use of fund balance in subsequent year	2,425,427	-	-	2,425,427
High school store	-	-	11,418	11,418
Community services	-	-	121,018	121,018
Unassigned	1,531,647	-	-	1,531,647
Total fund balance	4,409,602	26,811,506	6,853,135	38,074,243
Total liabilities and fund balance	$ 11,026,220	$ 30,581,159	$ 7,006,329	$ 48,613,708

Romeo Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds	$ 38,074,243
Total net position for governmental activities in the statement of net position is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	5,891,409
Capital assets - net of accumulated depreciation	114,591,742
Deferred outflows (inflows) of resources	
Deferred inflows of resources resulting from net pension liability	(8,952,493)
Deferred outflows of resources resulting from net pension liability	29,657,927
Deferred inflows of resources resulting from net OPEB liability	(9,164,004)
Deferred outflows of resources resulting from OPEB liability	7,854,779
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(465,001)
Incurred but not reported benefit claims	(33,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(102,513,490)
Net OPEB liability	(22,489,072)
Compensated absences	(1,951,194)
Bonds payable	(79,065,000)
Bond premium	(8,523,517)
Net position of governmental activities	$ (37,086,671)

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Facilities Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 8,011,083	$ 267,748	$ 11,809,651	$ 20,088,482
State sources	42,414,209	-	337,480	42,751,689
Federal sources	1,650,647	-	765,280	2,415,927
Interdistrict sources	847,704	-	-	847,704
Total revenues	52,923,643	267,748	12,912,411	66,103,802
Expenditures				
Current				
Education				
Instruction	35,255,442	-	1,280	35,256,722
Supporting services	18,781,475	-	8,634	18,790,109
Food services	-	-	1,500,590	1,500,590
Community services	5,518	-	931,446	936,964
Intergovernmental payments	7,000	-	-	7,000
Capital outlay	521,511	12,298,909	1,641,523	14,461,943
Debt service				
Principal	-	-	5,765,000	5,765,000
Interest and other expenditures	-	-	3,015,172	3,015,172
Bond issuance costs	-	282,667	-	282,667
Total expenditures	54,570,946	12,581,576	12,863,645	80,016,167
Excess (deficiency) of revenues over expenditures	(1,647,303)	(12,313,828)	48,766	(13,912,365)

Romeo Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Facilities Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Proceeds from issuance of bonds	$ -	$ 19,000,000	$ -	$ 19,000,000
Premium on issuance of bonds	-	209,351	-	209,351
Proceeds from sale of capital assets	-	-	34,411	34,411
Transfers in	98,161	-	12	98,173
Transfers out	(12)	-	(98,161)	(98,173)
Total other financing sources (uses)	98,149	19,209,351	(63,738)	19,243,762
Net change in fund balance	(1,549,154)	6,895,523	(14,972)	5,331,397
Fund balance - beginning	5,958,756	19,915,983	6,868,107	32,742,846
Fund balance - ending	$ 4,409,602	$ 26,811,506	$ 6,853,135	$ 38,074,243

Romeo Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - Total governmental funds	$ 5,331,397
Total change in net position reported for governmental activities in the statement of activities is different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(4,562,779)
Capital outlay	11,940,987
Expenses are recorded when incurred in the statement of activities.	
Interest	26,244
Benefit claims	23,000
Compensated absences	(199,315)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(10,607,316)
Net change in the deferrals of resources related to the net pension liability	4,629,129
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	1,461,295
Net change in the deferrals of resources related to the net OPEB liability	239,423
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(19,209,351)
Repayments of long-term debt	5,765,000
Amortization of premiums	837,776
Amortization of deferred amount on debt refunding	(90,199)
Change in net position of governmental activities	$ (4,414,709)

Romeo Community Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	Agency Funds
Assets	
Cash	$ 1,121,723
Liabilities	
Due to agency fund activities	$ 1,121,723

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The school district does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

Fund Financial Statements

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

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

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

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

The School District reports the following major governmental funds:

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

Facilities Bond Fund – The Facilities Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for new and updated facilities.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Services, High School Store, and Community Services Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Sinking Fund – The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction or repair of school buildings.

Technology Bond Fund – The Technology Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursements of invoices specifically designated for acquiring and installing technology equipment and technology infrastructure in school buildings and other facilities, and remodeling, equipping, and re-equipping school buildings and other facilities with respect to the installation of technology equipment and infrastructure.

Bus Bond Fund **–** The Bus Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring school buses.

Agency Fund – The Agency fund is used to account for assets held by the School District as an agent. The fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Net Position or Equity

Cash – Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled in an investment, related investment income has been allocated to each fund based on relative participation in the pool.

Investments – Investments are stated at fair value.

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

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2020, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	4.30000
Sinking Fund	0.94000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Macomb and remitted to the School District by May 15.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

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

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20-50 years
Land improvements	20 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-15 years
Software	5 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – The liability for compensated absences reported in the district-wide financial statements, consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

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

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

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

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

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

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

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

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

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

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education or Superintendent. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

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

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

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

Use of Estimates

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standard

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments. Management has implemented the required portions of this Statement and will implement the remaining requirements as each Statement referenced becomes effective.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides a temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides a postponement of certain GASB Statements. This statement was effective upon issuance in May of 2020.

Upcoming Accounting and Reporting Changes
Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

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

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

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

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
General administration	$ 572,561	$ 577,296	$ 4,735
School administration	3,207,401	3,229,627	22,226
Business	704,397	716,191	11,794
Central	802,953	821,134	18,181
Food Service Fund			
Food services	1,469,500	1,500,590	31,090
Capital outlay	3,302	4,787	1,485

Compliance - Sinking Funds
The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, management believes the School District has complied, in all material respects, with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

Compliance - Bond Proceeds
The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the Facility Bond Fund, Technology Bond Fund, and Bus Bond Fund from the inception of the funds through the current fiscal year:

	Bus Bond	Technology Bond	Facilities Bond
Revenues	$ 2,112,885	$ 4,509,346	$ 88,324,756
Expenditures	528,045	3,260,265	61,513,250
	$ 1,584,840	$ 1,249,081	$ 26,811,506

Note 3 - Deposits and Investments

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	$ 40,129,239	$ 1,121,723	$ 41,250,962
Investments	70,552	-	70,552
	$ 40,199,791	$ 1,121,723	$ 41,321,514

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 19,369,464
Investments in securities, mutual funds, and similar vehicles	21,950,084
Petty cash and cash on hand	1,966
Total	$ 41,321,514

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

Investment	Fair Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund				
MILAF + MAX	$ 13,890,433	N/A	AAAm	S&P
MILAF Term	5,000,000	N/A	AAAm	S&P
MILAF Managed Account	2,541,676	N/A	AAAm	S&P
MILAF + Cash Management	447,423	N/A	AAAm	S&P
Dreyfus Government Cash Management	70,552			
	$ 21,950,084			

Interest rate risk – In accordance with its investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 9 months.

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

Concentration of credit risk – The School District's investment policy places no limit on the amount the School District may invest in any one issuer. The School District policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, $19,851,416 of the School District's bank balance of $20,101,416 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2020:

- Amounts invested in MILAF portfolio of $21,879,532. The MILAF portfolio is not registered under Rule 2a-7 under the Investment Company Act of 1940. The money market securities are valued using amortized cost, which generally approximates the current fair value of the security. However, the value is not obtained from a quoted price in an active market. (Level 2 inputs)

- Amounts invested in Dreyfus Government Cash Management of $70,552. The investments are valued at fair market value using quoted market prices. (Level 1 inputs)

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 461,702	$ -	$ -	$ 461,702
Construction-in-progress	39,609,419	5,429,707	39,609,419	5,429,707
Total capital assets not being depreciated	40,071,121	5,429,707	39,609,419	5,891,409
Capital assets being depreciated				
Buildings and building improvements	98,965,188	44,300,378	-	143,265,566
Land improvements	8,646,326	-	-	8,646,326
Buses and other vehicles	4,641,051	-	-	4,641,051
Furniture and equipment	21,627,673	1,820,321	-	23,447,994
Total capital assets being depreciated	133,880,238	46,120,699	-	180,000,937
Less accumulated depreciation for				
Buildings and building improvements	36,331,983	2,883,799	-	39,215,782
Land improvements	3,625,070	376,663	-	4,001,733
Buses and other vehicles	2,679,265	475,111	-	3,154,376
Furniture and equipment	18,210,098	827,206	-	19,037,304
Total accumulated depreciation	60,846,416	4,562,779	-	65,409,195
Net capital assets being depreciated	73,033,822	41,557,920	-	114,591,742
Net capital assets	$ 113,104,943	$ 46,987,627	$ 39,609,419	$ 120,483,151

Depreciation expense was charged to activities of the School District as follows:

Governmental activities	
Instruction	$ 2,848,020
Supporting services	1,517,855
Food services	121,217
Community services	75,687
Total governmental activities	$ 4,562,779

Construction Contracts

The School District has active construction projects as of June 30, 2020. At year end, the School District's commitment with contractors is as follows:

	Total Contract	Remaining Construction Commitment at Year End
Project		
High School renovations and addition	$ 40,855,347	$ 685,287
Middle School	5,660,245	1,456,727
9th Grade Academy	153,750	30,750
Wireless upgrades	561,999	251,329
Total	$ 47,231,341	$ 2,424,093

Note 6 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 14,068
Nonmajor Governmental Funds	General Fund	269,784
Nonmajor Governmental Funds	Nonmajor Governmental Funds	845
		$ 284,697

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

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

Interfund transfers consist of the following:

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
Transfers in			
General Fund	$ -	$ 98,161	$ 98,161
Nonmajor Governmental Funds	12	-	12
	$ 12	$ 98,161	$ 98,173

Transfers in from nonmajor governmental funds to General Fund were from the Community Services Fund for overhead cost reimbursement. Transfers in from General Fund to nonmajor governmental funds were for revenues collected by General Fund for the Food Service Fund.

Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Student meals	$ 58,417
Child care	41,185
Grant and categorical aid payments received prior to meeting all eligibility requirements	148,021
Total	$ 247,623

Note 8 - Long-Term Debt

The School District issues bonds and contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds payable					
General obligation bonds	$ 65,830,000	$ 19,000,000	$ 5,765,000	$ 79,065,000	$ 5,220,000
Premium on bonds	9,151,942	209,351	837,776	8,523,517	-
	74,981,942	19,209,351	6,602,776	87,588,517	5,220,000
Other liabilities					
Compensated absences	1,751,879	1,352,139	1,152,824	1,951,194	378,867
Total	$ 76,733,821	$ 20,561,490	$ 7,755,600	$ 89,539,711	$ 5,598,867

General obligation bonds payable at year end, consists of the following:

2017 Technology and Bus Bonds - $6,015,000 issued, due in annual installments of $780,000 to $1,415,000 through May 1, 2023; interest at 3.00%	$ 3,965,000
2016 Facilities Bonds - $56,390,000 issued, due in annual installments of $500,000 to $3,800,000 through May 1, 2041; interest at 4.00% to 5.00%	53,725,000
Technology Bonds - $11,900,000 issued, due in annual installments of $1,350,000 to $2,375,000 through May 1, 2021; interest at 2.00%	1,375,000
Bus Bonds - $3,100,000 issued, due in annual installments of $325,000 to $500,000 through May 1, 2022; interest at 1.93%	1,000,000
2020 Facilities Bonds - $19,000,000 issued, due in annual installments of $675,000 to $2,025,000 through May 1, 2044; interest at 2.00% to 2.25%	19,000,000
Total general obligation bonded debt	$ 79,065,000

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

Year Ending June 30,	Principal	Interest	Total
2021	$ 5,220,000	$ 3,291,420	$ 8,511,420
2022	5,455,000	3,085,562	8,540,562
2023	3,690,000	2,916,012	6,606,012
2024	2,400,000	2,778,562	5,178,562
2025	2,500,000	2,678,062	5,178,062
2026-2030	14,075,000	11,718,560	25,793,560
2031-2035	17,200,000	8,420,310	25,620,310
2036-2040	21,250,000	4,268,312	25,518,312
2041-2044	7,275,000	385,252	7,660,252
Total	$ 79,065,000	$ 39,542,052	$ 118,607,052

The general obligation bonds are payable from the debt service funds. As of year end, the debt service funds had a combined fund balance of $1,020,060 to pay this debt. Future debt and interest will be payable from future tax levies. Other long-term debt liabilities are expected to be paid primarily by General Fund resources.

Deferred Amount on Refunding

The School District issued bonds in 2005 to advance refund and retire previously issued term bonds. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through the fiscal year.

Deferred amount on refunding activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on refunding	$ 90,119	$ -	$ 90,119	$ -

Compensated Absences
Accrued compensated absences at year end, consist of $1,951,194 of vacation and sick hours earned and vested. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property, errors and omissions, and medical claims. The School District is uninsured for workers' compensation claims; however, the School District has stop-loss coverage of $300,000 per occurrence and $5,000,000 of annual aggregate claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the district-wide statements in accrued expenditures.

Changes in the estimated liability for the past two fiscal years were as follows:

	2020	2019
Estimated liability at the beginning of the year	$ 56,000	$ 127,000
Estimated claims incurred including changes in estimates	24,979	(58,088)
Claim payments	(47,979)	(12,912)
Estimated liability end of year	$ 33,000	$ 56,000

Note 10 - Pension Plans and Post Employment Benefits

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

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State

Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2019.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	18.25%
Member Investment Plan	3.0 - 7.0	18.25
Pension Plus	3.0 - 6.4	16.46
Pension Plus 2	6.2	19.59
Defined Contribution	0.0	13.39

Required contributions to the pension plan from the School District were $8,223,391 for the year ending September 30, 2019.

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

At June 30, 2020, the School District reported a liability of $102,513,490 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the School District's proportion was .3096 percent, which was an increase of .0038 percent from its proportion measured as of September 30, 2018.

For the plan year ending September 30, 2019, the School District recognized pension expense of $14,664,508 for the measurement period. For the reporting period ending June 30, 2020, the School District recognized total pension contribution expense of $8,817,711.

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Total
Difference between expected and actual experience	$ 459,498	$ (427,471)	$ 32,027
Changes in assumptions	20,072,213	-	20,072,213
Net difference between projected and actual earnings on pension plan investments	-	(3,285,383)	(3,285,383)
Changes in proportion and differences between district contributions and proportionate share of contributions	751,338	(1,799,465)	(1,048,127)
	21,283,049	(5,512,319)	15,770,730
District contributions subsequent to the measurement date	8,374,878	(3,440,174)	4,934,704
	$29,657,927	$ (8,952,493)	$20,705,434

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The School District will offset the contribution expense in the year ended June 30, 2021 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2020	$ 5,742,773
2021	5,034,148
2022	3,512,377
2023	1,481,432
	$ 15,770,730

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, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.80%
  - Pension Plus Plan: 6.80%
  - Pension Plus 2 Plan : 6.0%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4977 years.
Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2019 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	5.5%
Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
	100.0%	

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

Rate of Return
For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate
A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

1% Decrease* 5.80% / 5.80% / 5.00%	Current Single Discount Rate Assumption* 6.80% / 6.80% / 6.00%	1% Increase* 7.80% / 7.80% / 7.00%
$ 133,274,095	$ 102,513,490	$ 77,011,888

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

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

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

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

The System’s financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

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

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.00%	7.93%
Personal Healthcare Fund (PHF)	0.00	7.57

Required contributions to the OPEB plan from the School District were $2,151,255 for the year ended September 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2020, the School District reported a liability of $22,489,072 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019, the School District's proportion was .3133 percent, which was an increase of .0120 percent from its proportion measured as of September 30, 2018.

For the plan year ending September 30, 2019, the School District recognized OPEB expense of $619, 790 for the measurement period. For the reporting period ending June 30, 2020, the School District recognized total OPEB contribution expense of $2,372,375.

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Total
Difference between expected and actual experience	$ -	$ (8,251,876)	$ (8,251,876)
Changes in assumptions	4,872,927	-	4,872,927
Net difference between projected and actual earnings on OPEB plan investments	-	(391,096)	(391,096)
Changes in proportion and differences between district contributions and proportionate share of contributions	882,590	(521,032)	361,558
	5,755,517	(9,164,004)	(3,408,487)
District contributions subsequent to the measurement date	2,099,262	-	2,099,262
	$ 7,854,779	$ (9,164,004)	$ (1,309,225)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2020	$ (1,002,402)
2021	(1,002,402)
2022	(807,341)
2023	(449,487)
2024	(146,855)
	$ (3,408,487)

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, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.5% Year 12
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

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

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 5.7101 years.

Recognition period for assets 5 years.

Full actuarial assumptions are available in the 2019 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	5.5%
Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
	100.0%	

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

Rate of Return
For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on OPEB plan investment, net of OPEB 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 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$ 27,586,226	$ 22,489,072	$ 18,208,878

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 18,027,416	$ 22,489,072	$ 27,585,621

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2019 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

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

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2020.

Note 13 - Tax Abatements

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

For the fiscal year ended June 30, 2020, the School District’s property tax revenues were reduced by $105,338 under these programs.

There are no significant abatements made by the School District.

Note 14 - Subsequent Event

As result of the global coronavirus pandemic of 2020, the financial picture for Michigan School Districts has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the local and global picture continues to change frequently. To reduce the chance of spreading COVID-19; in March 2020, public schools were closed for the remainder of the 2019-2020 school year. As a result of the pandemic, the State of Michigan encountered a revenue shortfall resulting in a revenue reduction for Districts of $175 per pupil which reduced the state aid payment in August of 2020. Subsequent to year end, multiple new revenue sources were approved; including Public Act 123 of 2020 which provides Districts an approximate $12.32 per pupil and Public Act 146 of 2020 which provides Districts $350 per pupil. These new revenue streams approved after June 30, 2020 will be recognized in the fiscal year ended June 30, 2021 in accordance with reporting criteria established by the Governmental Accounting Standards Board. Additionally, the “Return to Learn” legislation passed subsequent to year end which modifies the per pupil foundation allowance calculation and allows flexibilities in the days and attendance requirements for Districts. Local districts are able to decide whether to provide instruction virtually or face to face for the 2020-2021 school year. Currently, it is not possible to estimate the full extent of any potential impacts to the District or to determine if any changes in fair values are other than temporary in nature. Accordingly, no adjustments to the financial statements were made as a result of these events.

REQUIRED SUPPLEMENTARY INFORMATION

Romeo Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Over
	Original	Final	Actual	(Under) Budget
Revenues				
Local sources	$ 8,267,612	$ 8,067,270	$ 8,011,083	$ (56,187)
State sources	41,743,755	43,429,369	42,414,209	(1,015,160)
Federal sources	1,766,454	1,780,061	1,650,647	(129,414)
Interdistrict sources	848,472	843,903	847,704	3,801
Total revenues	52,626,293	54,120,603	52,923,643	(1,196,960)
Expenditures				
Instruction				
Basic programs	27,015,874	28,445,227	28,368,846	(76,381)
Added needs	6,484,053	7,036,575	6,886,596	(149,979)
Supporting services				
Pupil	3,248,870	3,328,101	3,299,164	(28,937)
Instructional staff	3,102,981	2,798,943	2,724,718	(74,225)
General administration	579,546	572,561	577,296	4,735
School administration	3,006,860	3,207,401	3,229,627	22,226
Business	722,341	704,397	716,191	11,794
Operations and maintenance	4,822,215	4,642,005	4,473,889	(168,116)
Pupil transportation services	2,455,092	2,165,962	2,163,527	(2,435)
Central	960,699	802,953	821,134	18,181
Athletic activities	748,295	793,302	775,929	(17,373)
Community services	19,953	8,345	5,518	(2,827)
Intergovernmental payments	14,045	7,000	7,000	-
Capital outlay	495,116	522,028	521,511	(517)
Total expenditures	53,675,940	55,034,800	54,570,946	(463,854)
Excess (deficiency) of revenues over expenditures	(1,049,647)	(914,197)	(1,647,303)	(733,106)

Romeo Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Other Financing Sources (Uses)				
Transfers in	$ 368,161	$ 170,444	$ 98,161	$ (72,283)
Transfers out	(11,110)	(13,150)	(12)	(13,138)
Total other financing sources (uses)	357,051	157,294	98,149	(85,421)
Net change in fund balance	(692,596)	(756,903)	(1,549,154)	(818,527)
Fund balance - beginning	5,958,756	5,958,756	5,958,756	-
Fund balance - ending	$ 5,266,160	$ 5,201,853	$ 4,409,602	$ (818,527)

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

		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A.	School District's proportion of net pension liability (%)	0.30960%	0.30574%	0.31008%	0.31800%	0.33240%	0.33093%				
B.	School District's proportionate share of net pension liability	$ 102,513,490	$ 91,906,174	$ 80,355,630	$ 79,349,119	$ 81,198,019	$ 72,891,862				
C.	School District's covered payroll	$ 27,299,533	$ 25,624,554	$ 25,842,557	$ 26,288,571	$ 27,651,260	$ 28,679,893				
D.	School District's proportionate share of net pension liability as a percentage of its covered payroll	375.51%	358.66%	310.94%	301.84%	293.65%	254.16%				
E.	Plan fiduciary net position as a percentage of total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%				

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2019.
Changes on benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2019.

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

		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A.	Statutorily required contributions	$ 8,817,711	$ 8,127,143	$ 8,484,009	$ 4,877,622	$ 5,188,389	$ 6,060,184				
B.	Contributions in relation to statutorily required contributions	8,817,711	8,127,143	8,484,009	4,877,622	5,188,389	6,060,184				
C.	Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
D.	School District's covered payroll	$ 28,851,583	$ 26,936,718	$ 25,684,574	$ 25,892,315	$ 26,844,402	$ 28,537,317				
E.	Contributions as a percentage of covered payroll	30.56%	30.17%	33.03%	18.84%	19.33%	21.24%				

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

		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A.	School District's proportion of net OPEB liability (%)	0.31330%	0.30130%	0.30970%							
B.	School District's proportionate share of net OPEB liability	$ 22,489,072	$ 23,950,367	$ 27,421,914							
C.	School District's covered payroll	$ 27,299,533	$ 25,624,554	$ 25,842,557							
D.	School District's proportionate share of net OPEB liability as a percentage of its covered payroll	82.38%	93.47%	106.11%							
E.	Plan fiduciary net position as a percentage of total OPEB liability	48.46%	42.95%	36.39%							

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2019.

Changes on benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2019.

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

		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A.	Statutorily required contributions	$ 2,372,375	$ 2,169,972	$ 1,949,180							
B.	Contributions in relation to statutorily required contributions	2,372,375	2,169,972	1,949,180							
C.	Contribution deficiency (excess)	$ -	$ -	$ -							
D.	School District's covered payroll	$ 28,851,583	$ 26,936,718	$ 25,684,574							
E.	Contributions as a percentage of covered payroll	8.22%	8.06%	7.59%							

OTHER SUPPLEMENTARY INFORMATION

Romeo Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds			Debt Service Funds				Capital Project Funds			Total
	Food Services Fund	High School Store Fund	Community Services Fund	Facilities Bond Debt Fund	2015 Refunding Fund	Technology Bond Debt Fund	Bus Bond Debt Fund	Sinking Fund	Technology Bond Fund	Bus Bond Fund	Nonmajor Governmental Funds
Assets											
Cash	$ 139,934	$ 8,172	$ 183	$ 343,870	$ 277,537	$ 281,004	$ 113,418	$ 2,646,072	$ 1,286,086	$1,584,840	$ 6,681,116
Accounts receivable	-	-	10,503	-	-	-	-	-	-	-	10,503
Due from other funds	106,174	3,246	156,327	931	1,396	1,608	296	651	-	-	270,629
Inventory	36,776	5,405	-	-	-	-	-	-	-	-	42,181
Prepaid items	-	-	1,900	-	-	-	-	-	-	-	1,900
Total assets	$ 282,884	$ 16,823	$ 168,913	$ 344,801	$ 278,933	$ 282,612	$ 113,714	$ 2,646,723	$ 1,286,086	$1,584,840	$ 7,006,329
Liabilities											
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,322	$ 30,547	$ -	$ 33,869
Due to other funds	8,455	-	-	-	-	-	-	-	6,458	-	14,913
Accrued expenditures	-	-	4,810	-	-	-	-	-	-	-	4,810
Unearned revenue	58,417	-	41,185	-	-	-	-	-	-	-	99,602
Total liabilities	66,872	-	45,995	-	-	-	-	3,322	37,005	-	153,194
Fund Balance											
Non-spendable											
Inventory	36,776	5,405	-	-	-	-	-	-	-	-	42,181
Prepaid items	-	-	1,900	-	-	-	-	-	-	-	1,900
Restricted for											
Food service	179,236	-	-	-	-	-	-	-	-	-	179,236
Debt service	-	-	-	344,801	278,933	282,612	113,714	-	-	-	1,020,060
Capital projects	-	-	-	-	-	-	-	2,643,401	1,249,081	1,584,840	5,477,322
Assigned	-	11,418	121,018	-	-	-	-	-	-	-	132,436
Total fund balance	216,012	16,823	122,918	344,801	278,933	282,612	113,714	2,643,401	1,249,081	1,584,840	6,853,135
Total liabilities and fund balance	$ 282,884	$ 16,823	$ 168,913	$ 344,801	$ 278,933	$ 282,612	$ 113,714	$ 2,646,723	$ 1,286,086	$1,584,840	$ 7,006,329

Romeo Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	Special Revenue Funds			Debt Service Funds				Capital Project Funds			Total
	Food Services Fund	High School Store Fund	Community Services Fund	Facilities Bond Debt Fund	2015 Refunding Fund	Technology Bond Debt Fund	Bus Bond Debt Fund	Sinking Fund	Technology Bond Fund	Bus Bond Fund	Nonmajor Governmental Funds
Revenues											
Local sources	$ 598,939	$ 9,942	$ 692,453	$ 3,161,110	$ 2,757,399	$ 2,011,008	$ 643,727	$ 1,892,703	$ 22,666	$ 19,704	$ 11,809,651
State sources	82,784	-	-	-	152,818	101,878	-	-	-	-	337,480
Federal sources	765,280	-	-	-	-	-	-	-	-	-	765,280
Total revenues	1,447,003	9,942	692,453	3,161,110	2,910,217	2,112,886	643,727	1,892,703	22,666	19,704	12,912,411
Expenditures											
Current											
Education											
Instruction	-	-	1,280	-	-	-	-	-	-	-	1,280
Supporting services	-	8,592	-	-	-	-	-	42	-	-	8,634
Food services	1,500,590	-	-	-	-	-	-	-	-	-	1,500,590
Community services	-	-	931,446	-	-	-	-	-	-	-	931,446
Capital outlay	4,787	-	-	-	-	-	-	356,650	1,280,086	-	1,641,523
Debt service											
Principal	-	-	-	500,000	2,810,000	1,880,000	575,000	-	-	-	5,765,000
Interest and other expenditures	-	-	-	2,706,863	84,899	152,106	71,304	-	-	-	3,015,172
Total expenditures	1,505,377	8,592	932,726	3,206,863	2,894,899	2,032,106	646,304	356,692	1,280,086	-	12,863,645
Excess (deficiency) of revenues over expenditures	(58,374)	1,350	(240,273)	(45,753)	15,318	80,780	(2,577)	1,536,011	(1,257,420)	19,704	48,766
Other Financing Sources (Uses)											
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	34,411	-	34,411
Transfers in	12	-	-	-	-	-	-	-	-	-	12
Transfers out	-	-	(98,161)	-	-	-	-	-	-	-	(98,161)
						-	-				
Total other financing sources (uses)	12	-	(98,161)	-	-	-	-	-	34,411	-	(63,738)
Net change in fund balance	(58,362)	1,350	(338,434)	(45,753)	15,318	80,780	(2,577)	1,536,011	(1,223,009)	19,704	(14,972)
Fund balance - beginning	274,374	15,473	461,352	390,554	263,615	201,832	116,291	1,107,390	2,472,090	1,565,136	6,868,107
Fund balance - ending	$ 216,012	$ 16,823	$ 122,918	$ 344,801	$ 278,933	$ 282,612	$ 113,714	$ 2,643,401	$ 1,249,081	$ 1,584,840	$ 6,853,135

Romeo Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

2017 School Technology and Bus Bonds
Original amount of issue: $6,015,000
Interest rate: 2.00% to 3.00%

Year Ending June 30,	Principal May 1st	Semi-annual Interest Payments November 1st	Semi-annual Interest Payments May 1st	Total Fiscal Year Requirements
2021	$ 1,195,000	$ 59,475	$ 59,475	$ 1,313,950
2022	1,355,000	41,550	41,550	1,438,100
2023	1,415,000	21,225	21,225	1,457,450
	$ 3,965,000	$ 122,250	$ 122,250	$ 4,209,500

Romeo Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

2016 Facilities Bonds
Original amount of issue: $56,390,000
Interest rate: 4.00% to 5.00%

Year Ending June 30,	Principal May 1st	Semi-annual Interest Payments November 1st	Semi-annual Interest Payments May 1st	Total Fiscal Year Requirements
2021	$ 1,400,000	$ 1,343,125	$ 1,343,125	$ 4,086,250
2022	1,575,000	1,308,125	1,308,125	4,191,250
2023	1,650,000	1,268,750	1,268,750	4,187,500
2024	1,750,000	1,227,500	1,227,500	4,205,000
2025	1,825,000	1,183,750	1,183,750	4,192,500
2026	1,925,000	1,138,125	1,138,125	4,201,250
2027	2,025,000	1,090,000	1,090,000	4,205,000
2028	2,125,000	1,039,375	1,039,375	4,203,750
2029	2,225,000	986,250	986,250	4,197,500
2030	2,350,000	930,625	930,625	4,211,250
2031	2,475,000	871,875	871,875	4,218,750
2032	2,600,000	810,000	810,000	4,220,000
2033	2,725,000	745,000	745,000	4,215,000
2034	2,875,000	676,875	676,875	4,228,750
2035	3,025,000	605,000	605,000	4,235,000
2036	3,175,000	529,375	529,375	4,233,750
2037	3,325,000	450,000	450,000	4,225,000
2038	3,475,000	366,875	366,875	4,208,750
2039	3,625,000	280,000	280,000	4,185,000
2040	3,775,000	189,375	189,375	4,153,750
2041	3,800,000	95,000	95,000	3,990,000
	$ 53,725,000	$ 17,135,000	$ 17,135,000	$ 87,995,000

Romeo Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

2013 Technology Bonds
Original amount of issue: $11,900,000
Interest rate: 1.00% to 2.00%

Year Ending June 30,	Principal May 1st	Semi-annual Interest Payments November 1st	Semi-annual Interest Payments May 1st	Total Fiscal Year Requirements
2021	$ 1,375,000	$ 13,750	$ 13,750	$ 1,402,500

2014 Bus Bonds
Original amount of issue: $3,100,000
Interest rate: 1.93%

Year Ending June 30,	Principal May 1st	Semi-annual Interest Payments November 1st	Semi-annual Interest Payments May 1st	Total Fiscal Year Requirements
2021	$ 500,000	$ 9,650	$ 9,650	$ 519,300
2022	500,000	4,825	4,825	509,650
	$ 1,000,000	$ 14,475	$ 14,475	$ 1,028,950

Romeo Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

2020 Facilities Bonds
Original amount of issue: $19,000,000
Interest rate: 2.00% to 2.25%

Year Ending June 30,	Principal May 1st	Semi-annual Interest Payments November 1st	Semi-annual Interest Payments May 1st	Total Fiscal Year Requirements
2021	$ 750,000	$ 243,639	$ 195,781	$ 1,189,420
2022	2,025,000	188,281	188,281	2,401,562
2023	625,000	168,031	168,031	961,062
2024	650,000	161,781	161,781	973,562
2025	675,000	155,281	155,281	985,562
2026	675,000	148,531	148,531	972,062
2027	675,000	141,781	141,781	958,562
2028	675,000	135,031	135,031	945,062
2029	700,000	128,281	128,281	956,562
2030	700,000	121,281	121,281	942,562
2031	700,000	114,281	114,281	928,562
2032	700,000	107,281	107,281	914,562
2033	700,000	100,281	100,281	900,562
2034	700,000	93,281	93,281	886,562
2035	700,000	86,281	86,281	872,562
2036	725,000	79,281	79,281	883,562
2037	750,000	72,031	72,031	894,062
2038	775,000	64,063	64,063	903,126
2039	800,000	55,828	55,828	911,656
2040	825,000	47,328	47,328	919,656
2041	850,000	38,563	38,563	927,126
2042	875,000	29,531	29,531	934,062
2043	875,000	19,688	19,688	914,376
2044	875,000	9,844	9,844	894,688
	$ 19,000,000	$ 2,509,480	$ 2,461,622	$ 23,971,102