RAVENNA PUBLIC SCHOOLS

RAVENNA, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Vredeveld Haefner LLC
CPAs and Consultants

RAVENNA PUBLIC SCHOOLS

TABLE OF CONTENTS

Vredeveld Haefner LLC
CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

September 6, 2019

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna Public Schools, Ravenna, Michigan, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna Public Schools as of June 30, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the schedules on pages 39 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are 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 6, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vrodoveld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Ravenna Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial highlights

- Our enrollment was down 7 students from the previous year
- Our Lakeshore Learning Center (EI program), that we are fiscal agents for, went county-wide, which involves 9 county districts
- Added 3 staff members to our Lakeshore Learning Center to accommodate going county-wide
- We have settled contracts with all our bargaining units, including a 2-year agreement with our teachers' unit
- Added a psychologist position
- The district is successfully sustaining the one to one computer initiative using the MAISD Technology Millage
- Increased the general fund balance $49,745

Overview of the financial statements

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

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

> The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
>
> The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash* flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., payments on debt).
>
> Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues *(governmental activities).* The governmental activities of the District include instruction, support services, community services, food service, athletics, and interest on long-term debt. The District does not have any business-type activities.

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

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

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

The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, food service fund, technology fund, and debt fund which are considered to be major funds.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resource of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for governmental activities in the government-wide financial statements.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by $28,281,237 at the close of the most recent fiscal year which includes a deficit unrestricted net position of $24,281,899.

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

Net position of the District decreased from $(27,996,132) to $(28,281,237) during the year. The primary reasons for the decrease are the increases in the benefit plan liabilities and depreciation of capital assets.

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

	Governmental Activities	
	2019	**2018**
Assets		
Current and other assets	$ 3,412,822	$ 3,627,180
Capital assets	18,627,328	19,310,321
Total assets	22,040,150	22,937,501
Deferred outflows of resources	7,072,920	4,515,412
Liabilities		
Current liabilities	4,632,711	4,987,626
Long-term liabilities	49,279,142	49,363,364
Total liabilities	53,911,853	54,350,990
Deferred inflows of resources	3,482,454	1,098,055
Net position		
Net investment in capital assets	(4,537,045)	(6,222,784)
Restricted	537,707	408,681
Unrestricted (deficit)	(24,281,899)	(22,182,029)
Total net position	$(28,281,237)	$(27,996,132)

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

	Governmental Activities	
	2019	**2018**
Revenue		
Program revenue		
Charges for services	$ 363,590	$ 629,621
Operating grants and contributions	3,593,323	3,512,991
General revenue		
Property taxes – operations	592,598	555,994
Property taxes – debt service	1,433,402	1,381,257
Property taxes – technology	189,149	175,434
Grants and contributions not restricted to specific programs	7,153,798	7,076,494
Other	7,105	4,098
Total revenue	13,332,965	13,335,889

	Governmental Activities (continued)	
	2019	**2018**
Expenses		
Instruction	$ 7,168,997	$ 7,152,450
Support services	4,722,165	4,659,961
Community services	1,421	7,026
Food service	602,831	778,352
Athletics	373,596	312,785
Interest	749,060	1,219,541
Unallocated depreciation	-	-
Total expenses	13,618,070	14,130,115
Change in net position	(285,105)	(794,226)
Net position - beginning of year	(27,996,132)	(27,201,906)
Net position - end of year	$(28,281,237)	$(27,996,132)

Governmental activities

During the year the District expended 53% of its total expenses on instruction and 35% on support services such as guidance service, transportation, building operation and maintenance, and administration. The remaining 12% of expenses was used to provide community service, food service, athletics, and interest on long-term debt.

Financial analysis of the government's funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $1,302,479, an increase of $178,771 in comparison with the prior year.

The general fund is the chief operating fund of the District. *Unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was $653,969. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 6% of total general fund expenditures. Fund balance increased $49,745 from the previous year primarily due to offering an early retirement incentive and replacing experienced teachers with new teachers.

The food service fund decreased fund balance by $22,986 to a total of $153,354.

The technology fund maintained a zero fund balance.

The debt fund increased fund balance by $152,012 to a total of $384,353 due to proceeds from the state school bond loan.

Budgetary Highlights

- A budget for 2018-19 was adopted in June of 2018 using various assumptions including a reduction in enrollment, not replacing a retiring teacher, and lay-off of a teacher
- The budget was amended two times during the year as assumptions were revised. Revisions included four teachers taking maternity leave, replacing two principals and a guidance counselor, and adding three high-need parapros.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2019, amounted to $18,627,328 (net of accumulated depreciation).

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

Land	$ 225,000
Buildings, furniture and equipment, and vehicles	18,402,328
Total	**$18,627,328**

During the year, the District purchased a new server and disposed of old unused equipment. Additional information on the District's capital assets can be found in Note 5 of this report.

Debt. At the end of the current fiscal year, the District had long-term debt outstanding of $28,008,215.

The District's debt is summarized as follows:

Bonds	$21,545,000
State school bond loan	4,200,769
Unamortized bond premium	1,469,053
Installment purchase agreements	254,518
Capital leases	196,582
Compensated absences	58,293
Early retirement incentive	284,000
Total	**$28,008,215**

Additional information on the District's long-term debt can be found in Note 7 of this report. In addition, information on the pension and other post-employment benefits liabilities totaling $23,655,083 can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2019-20 fiscal year:

- The MAISD is taking over the Lakeshore Learning Center for the County which includes a reduction in enrollment and indirect costs for our district
- Due to a smaller kindergarten class coming in and a large graduating class, enrollment is expected to decrease
- Anticipating the foundation allowance per pupil to increase $180
- The non-homestead property tax remains at 18 mills and our debt at 7.6 mills
- The district is not planning any major construction projects for the upcoming school year.

Requests for Information

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

(This page left intentionally blank)

BASIC FINANCIAL STATEMENTS

RAVENNA PUBLIC SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities
Assets	
Cash and investments	$ 832,771
Due from other governments	2,540,239
Prepaid items	32,623
Inventory	7,189
Capital assets, net	
Land	225,000
Buildings, furniture and equipment, and vehicles	18,402,328
Total assets	22,040,150
Deferred outflows of resources	
Deferred outflows related to pensions	6,024,295
Deferred outflows related to other post-employment benefits	1,048,625
Total deferred outflows of resources	7,072,920
Liabilities	
Accounts payable	243,932
Accrued payroll	519,206
Fringe benefits payable	393,916
Due to other governments	38,930
Notes payable	1,052,571
Noncurrent liabilities	
Net pension liability	18,883,218
Net other post-employment benefits liability	4,771,865
Retirement benefits	342,293
Premium on bonds	1,469,053
Due within one year	2,384,156
Due in more than one year	23,812,713
Total liabilities	53,911,853
Deferred inflows of resources	
Deferred inflows related to pensions	1,994,728
Deferred inflows related to other post-employment benefits	1,487,726
Total deferred inflows of resources	3,482,454
Net position	
Net investment in capital assets	(4,537,045)
Restricted for	
Food service	153,354
Debt service	384,353
Unrestricted (deficit)	(24,281,899)
Total net position	$ (28,281,237)

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

(This page left intentionally blank)

RAVENNA PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			
Functions/ Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue**
Primary government					
Governmental activities					
Instruction	$ 7,168,997	$ -	$ 3,257,849	$ -	$ (3,911,148)
Support services	4,722,165	138,655	1,153	-	(4,582,357)
Community services	1,421	-	-	-	(1,421)
Food service	602,831	182,177	334,321	-	(86,333)
Athletics	373,596	42,758	-	-	(330,838)
Interest on long-term debt	749,060	-	-	-	(749,060)
Total governmental activities	$ 13,618,070	$ 363,590	$ 3,593,323	$ -	(9,661,157)
General revenues					
Property taxes					
Operating					592,598
Debt					1,433,402
Technology					189,149
Unrestricted grants and contributions					7,153,798
Interest earnings					7,105
Total general revenues					9,376,052
Change in net position					(285,105)
Net position, beginning of year					(27,996,132)
Net position, end of year					$ (28,281,237)

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

RAVENNA PUBLIC SCHOOLS

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2019

		Special Revenue			
	General	Food Service	Technology	Debt	Total
Assets					
Cash and investments	$ 416,473	$ 143,324	$ -	$ 272,974	$ 832,771
Due from other governments	2,419,776	9,084	-	111,379	2,540,239
Prepaid items	32,623	-	-	-	32,623
Inventory	-	7,189	-	-	7,189
Total assets	$ 2,868,872	$ 159,597	$ -	$ 384,353	$ 3,412,822
Liabilities and fund balances					
Liabilities					
Accounts payable	$ 99,477	$ 6,243	$ -	$ -	$ 105,720
Due to other governments	38,930	-	-	-	38,930
Salaries payable	519,206	-	-	-	519,206
Fringe benefits payable	393,916	-	-	-	393,916
Notes payable	1,052,571	-	-	-	1,052,571
Total liabilities	2,104,100	6,243	-	-	2,110,343
Fund balances					
Non-spendable					
Inventory	-	7,189	-	-	7,189
Prepaid items	32,623	-	-	-	32,623
Restricted					
Food service	-	146,165	-	-	146,165
Debt service	-	-	-	384,353	384,353
Assigned					
Subsequent year expenditures	78,180	-	-	-	78,180
Unassigned	653,969	-	-	-	653,969
Total fund balances	764,772	153,354	-	384,353	1,302,479
Total liabilities and fund balances	$ 2,868,872	$ 159,597	$ -	$ 384,353	$ 3,412,822

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

RAVENNA PUBLIC SCHOOLS

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

JUNE 30, 2019

Fund balances - total governmental funds	$ 1,302,479
Amounts reported for *governmental activities* in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - capital assets (net)	18,627,328
Certain liabilities, such as bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - debt payable	(26,196,869)
Deduct - net pension liability	(18,883,218)
Deduct - net other post-employment benefits liability	(4,771,865)
Deduct - retirement benefits	(342,293)
Deduct - premium on bonds	(1,469,053)
Deduct - deferred inflows related to pensions	(1,994,728)
Deduct - deferred inflows related to other post-employment benefits	(1,487,726)
Add - deferred outflows related to pensions	6,024,295
Add - deferred outflows related to other post-employment benefits	1,048,625
Deduct - accrued interest on bonds and installment notes	(138,212)
Net position of governmental activities	$ (28,281,237)

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

RAVENNA PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2019

		Special Revenue			
	General	Food Service	Technology	Debt	Total
Revenues					
Local sources	$ 1,457,698	$ 183,328	$ 189,149	$ 1,435,429	$ 3,265,604
State sources	9,445,638	21,912	-	-	9,467,550
Federal sources	288,293	311,518	-	-	599,811
Total revenues	11,191,629	516,758	189,149	1,435,429	13,332,965
Expenditures					
Current					
Instruction	6,427,387	-	-	-	6,427,387
Support services	4,241,558	-	8,407	-	4,249,965
Community services	1,208	-	-	-	1,208
Payments to other governmental entities	40	-	-	-	40
Food service	-	539,744	-	-	539,744
Athletics	343,308	-	-	-	343,308
Debt service					
Principal	73,999	-	168,600	2,090,000	2,332,599
Interest	54,384	-	12,142	954,994	1,021,520
Total expenditures	11,141,884	539,744	189,149	3,044,994	14,915,771
Revenues over (under) expenditures	49,745	(22,986)	-	(1,609,565)	(1,582,806)
Other financing sources (uses)					
Bonds and installment notes issued	-	-	-	1,761,577	1,761,577
Net changes in fund balances	49,745	(22,986)	-	152,012	178,771
Fund balances, beginning of year	715,027	176,340	-	232,341	1,123,708
Fund balances, end of year	$ 764,772	$ 153,354	$ -	$ 384,353	$ 1,302,479

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

RAVENNA PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2019

Net changes in fund balances - total governmental funds	$ 178,771
Amounts reported for *governmental activities* in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	35,161
Deduct - depreciation expense	(702,890)
Deduct - net book value of disposed capital assets	(15,264)
Long-term debt proceeds provide current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Deduct - bonds issued	(1,761,577)
Add - principal payments on bonds and installment notes payable	2,332,599
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Add - increase in deferred outflows related to pensions	2,198,516
Deduct - increase in net pension liability	(1,843,655)
Deduct - increase in deferred inflows related to pensions	(1,092,923)
Add - increase in deferred outflows related to other post-employment benefits	358,992
Add - decrease in net other post-employment benefits liability	1,033,095
Deduct - increase in deferred inflows related to other post-employment benefits	(1,291,476)
Add - decrease in retirement benefits	67,470
Add - decrease in accrued interest payable	13,343
Add - amortization of bond premium	204,733
Change in net position of governmental activities	$ (285,105)

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

RAVENNA PUBLIC SCHOOLS

FIDUCIARY FUND
STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2019

	Agency Fund
Assets	
Cash and investments	$ 164,496
Total assets	$ 164,496
Liabilities	
Due to student groups	$ 164,496
Total liabilities	$ 164,496

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

The District reports the following major governmental funds:

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

The *Food Service Fund* is used to account for food service activities.

The *Technology Fund* is used to account for technology millage revenue and related expenditures.

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

Additionally, the District reports the following fund type:

The *Agency Fund* is used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments. The District maintains one agency fund.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* The agency fund also uses the *accrual basis of accounting,* but does not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Budgets and Budgetary Accounting

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

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

The District did amend its budget for the current fiscal year. Any revisions that alter the total expenditures of any activity must be approved by the School Board.

Cash and Investments

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

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

Due to and Due from Other Funds

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

Prepaid Items

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

Inventory

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

Capital Assets

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

Capital assets are defined by the government as assets with an initial, individual cost of more than $3,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

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

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

Pension

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

Post-employment Benefits Other Than Pensions

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of MPSERS and additions to/deductions from MPSERS' fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

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

Early Retirement Incentive

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

State Aid Revenue

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by the State of Michigan School Aid Appropriation Act. State funding accounted for 85% of the general fund revenue for the year. A certain portion of State Aid received by the District is restricted to cover specified expenses of the District, including special education costs. The unrestricted portion is for use in the general operations of the District.

Property Taxes

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

Interfund Transactions

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

Risk Management

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

Fund Equity

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the entities governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by management as authorized by the entities governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

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

Net Position and Fund Balance Flow Assumptions

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

2. DEFICIT NET POSITION

At year-end the District reported a deficit net position of $28,281,237.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

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

In the body of the financial statements, the District's actual and budgeted expenditures for the budgeted funds have been shown at the activity level. The approved budgets of the District for these budgetary funds were adopted at the activity level. During the year ended June 30, 2019, the District incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated.

	Budget	Actual	Negative Variance
General Fund			
Instruction			
Compensatory education	$769,603	$779,351	$9,748
Support services			
Board of Education	63,780	80,746	16,966
Fiscal services	151,028	151,062	34

	Budget	Actual	Negative Variance
Other business services	$16,806	$17,335	$ 529
Staff/personnel services	41,501	41,944	443

4. CASH

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

	Governmental Activities	Fiduciary Fund	Total
Cash	$832,771	$164,496	$997,267

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

Deposit risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of year-end, $1,174,571 of the District's bank balance of $1,424,571 was exposed to custodial credit risk because it was uninsured and uncollateralized.

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities				
Capital assets, not being depreciated				
Land	$ 225,000	$ -	$ -	$ 225,000
Capital assets, being depreciated				
Building and improvements	24,999,164	-	8,700	24,990,464
Furniture and equipment	4,333,904	35,161	388,801	3,980,264
Vehicles	1,134,218	-	40,069	1,094,149
Total capital assets, being depreciated	30,467,286	35,161	437,570	30,064,877
Less accumulated depreciation for				
Building and improvements	8,287,266	453,727	3,045	8,737,948
Furniture and equipment	2,322,195	178,781	379,192	2,121,784
Vehicles	772,504	70,382	40,069	802,817
Total accumulated depreciation	11,381,965	702,890	422,306	11,662,549
Net capital assets, being depreciated	19,085,321	(667,729)	15,264	18,402,328
Governmental activities capital assets, net	**$19,310,321**	**$(667,729)**	**$ 15,264**	**$18,627,328**

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Instruction	$389,175
Support services	260,101
Community services	73
Food Service	32,753
Athletics	20,788
Total depreciation expense - governmental activities	$702,890

6. PENSION AND OTHER POST-EMPLOYMENT BENEFITS PLAN

Plan Description

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

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

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

The System's financial statements are available at www.michigan.gov/orsschools.

Defined Benefit Plan

Benefits Provided

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2015 valuation are amortized over a 21-year period beginning October 1, 2017 and ending September 30, 2038.

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

		Employer	
Benefit Structure	Member	Universities	Non-Universities
Basic	0.0-4.0%	24.47%	17.89%
Member Investment Plan	3.0-7.0	24.47	17.89
Pension Plus	3.0-6.4	N/A	16.61
Pension Plus II	6.2	N/A	19.74
Defined Contribution	0.0	19.60	13.54

Required contributions to the pension plan from the District were $1,710,457 for the year ended September 30, 2018.

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

At June 30, 2019, the District reported a liability of $18,883,218 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2017. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2018, the District's proportion was .06281465 percent, which was a decrease of .00293899 percent from its proportion measured as of September 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of $2,490,001. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between actual and expected experience	$ 87,622	$ 137,221
Changes of assumptions	4,373,338	-
Net difference between projected and actual earnings on pension plan investments	-	1,291,132
Change in proportion and differences between employer contributions and proportionate share of contributions	507,919	566,375
Employer contributions subsequent to the measurement date	1,055,416	-
Total	$6,024,295	$1,994,728

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2019	$1,332,695
2020	927,111
2021	543,416
2022	170,929

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans (Non-Hybrid):	7.05%
- Pension Plus Plan (Hybrid):	7.0%
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

Notes:

- *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the determination of the total pension liability beginning with the September 30, 2017 valuations.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.5304 for non-university employers 1.0554 for university employers]*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report (www.michigan.gov/orsschools).*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.0%	5.7%
Alternative Investment Pools	18.0%	9.2%
International Equity	16.0%	7.2%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	3.9%
Absolute Return Pools	15.5%	5.2%
Short Term Investment Pools	2.0%	0.0%
	100.0%	

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

Rate of Return

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 7.05% was used to measure the total pension liability (7.0% for the Pension Plus Plan and 6.00% for the new Pension Plus 2 Plan) for fiscal year 2018. This discount rate was based on the long-term expected rate of return on pension plan investments of 7.05% (7.0% for the Pension Plus plan and 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.0% for the Hybrid Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease (Non-Hybrid/Hybrid) 6.05% / 6.0% / 5.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) 7.05% / 7.0% / 6.0%	1% Increase (Non-Hybrid/Hybrid)* 8.05% / 8.0% / 7.0%
$24,792,206	$18,883,218	$13,973,809

** University employers provide non-hybrid plans only. For non-university employers, the Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.*

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.

Other Post-Employment Benefits

Benefits Provided

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

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 21-year period beginning October 1, 2017 and ending September 30, 2038.

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

		Employer	
Benefit Structure	Member	Universities	Non-Universities
Premium Subsidy	3.00%	7.67%	6.44%
Personal Healthcare Fund (PHF)	0.00	7.42	6.13

Required contributions to the OPEB plan from the District were $389,661 for the year ended September 30, 2018.

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

At June 30, 2019, the District reported a liability of $4,771,865 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2017. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2018, the District's proportion was 0.06003137 percent, which was a decrease of .00552087 from its proportion measured as of September 30, 2017.

For the year ending June 30, 2019, the District recognized OPEB expense of $142,537. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between actual and expected experience	$ -	$ 888,167
Changes of assumptions	505,343	-
Net difference between projected and actual earnings on OPEB plan investments	-	183,394
Change in proportion and differences between employer contributions and proportionate share of contributions	131	416,165
Employer contributions subsequent to the measurement date	543,151	-
Total	$1,048,625	$1,487,726

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Amount
2019	$(230,230)
2020	(230,230)
2021	(230,230)
2022	(192,822)
2023	(98,740)

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, 2016
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	7.05%
Projected Salary Increases:	3.5 - 12.3%, including wage inflation at 3.5%
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.0% Year 12

Mortality: Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active Members: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

Opt Out 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 coverage 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.

Notes:

- *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers or 1.3472 for university employers]*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report (www.michigan.gov/orsschools.).*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.0%	5.7%
Alternative Investment Pools	18.0%	9.2%
International Equity	16.0%	7.2%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	3.9%
Absolute Return Pools	15.5%	5.2%
Short Term Investment Pools	2.0%	0.0%
	100.0%	

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

Rate of Return
For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 10.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate
A discount rate of 7.15% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.15%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
$5,728,526	$4,771,865	$3,967,195

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$3,924,806	$4,771,865	$5,743,614

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

Defined Contribution Plan

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

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

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

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

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

For the year ended June 30, 2019, District and employee contributions were $50,898 and $78,924, respectively.

7. DEBT

Short-term Debt

The following is a summary of short-term debt transactions of the District for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Michigan state aid note payable; due in seven monthly payments with final payment due in July 2018; interest payable at 1.27%	$ 228,813	$ -	$ 228,813	$ -
Michigan state aid note payable; due in seven monthly payments with final payment due in July 2019; interest payable at 1.75%	-	1,596,065	1,363,494	232,571
Michigan state aid note payable; due in one payment in August 2019; interest payable at 2.5%	1,014,859	820,000	1,014,859	820,000
Total short-term debt	**$1,243,672**	**$2,416,065**	**$2,607,166**	**$1,052,571**

Long-term Debt

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Governmental Activities					
Bonds					
2016 Refunding Bonds – Series A payable in annual installments ranging from $620,000 to $610,000 due May 2018 through May 2029 plus interest at 4.00%	$ 6,835,000	$ -	$ 620,000	$ 6,215,000	$ 625,000
2016 Refunding Bonds – Series B payable in annual installments ranging from $1,060,000 to $1,235,000 plus interest from 1.550% to 2.430% due May 2022	4,625,000	-	1,085,000	3,540,000	1,125,000
2017 Refunding Bonds payable in annual installments ranging from $385,000 to $625,000 due May 2019 through May 2031 plus interest at 4.00%	6,520,000	-	385,000	6,135,000	410,000
2018 Refunding Bonds with interest only payments due through 2030 and beginning in 2031 principal installments ranging from $145,000 to $840,000 through May 2038 plus interest at 4.00%	5,655,000	-	-	5,655,000	-
Total Bonds	23,635,000	-	2,090,000	21,545,000	2,160,000
Direct Placements and Direct Borrowings					
2014 School bus installment purchase payable in quarterly installments ranging from $2,942 to $3,310 due December 2014 through September 2019 plus interest at 2.49%	16,486	-	13,036	3,450	3,450
2015 School bus installment purchase payable in quarterly installments ranging from $6,640 to $7,359 due March 2015 through December 2019 plus interest at 2.29%	43,531	-	28,855	14,676	14,676
2016 School bus installment purchase payable in annual installments ranging from $18,327 to $19,986 due August 2017 through August 2021 plus interest at 2.19%	77,412	-	18,729	58,683	19,139

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
2018 Technology equipment installment purchase payable in annual installments ranging from $32,627 to $35,819 due June 2019 through June 2022 plus interest at 3.16%	$ 136,825	$ -	$ 32,627	$ 104,198	$ 33,658
2018 School bus installment purchase payable in annual installments ranging from $13,379 to $15,631 due June 2019 through June 2024 plus interest at 3.16%	86,890	-	13,379	73,511	13,801
State school bond loan	2,439,192	1,761,577	-	4,200,769	-
Total Direct Placements and Direct Borrowings	2,800,336	1,761,577	106,626	4,455,287	84,724
Total Debt	**26,435,336**	**1,761,577**	**2,196,626**	**26,000,287**	**2,244,724**
Capital leases	332,555	-	135,973	196,582	139,432
Unamortized bond premium	1,673,786	-	204,733	1,469,053	-
Compensated absences	65,763	-	7,470	58,293	-
Early retirement incentive	344,000	23,000	83,000	284,000	-
Total long-term debt	**$28,851,440**	**$1,784,577**	**$2,627,802**	**$28,008,215**	**$2,384,156**

The annual requirements to amortize all debt outstanding (excluding unamortized bond premium, early retirement incentive, State school bond loan, and compensated absences) as of June 30, 2019 are as follows:

	Bonds		Direct Placements and Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	$ 2,160,000	$ 798,896	$ 84,724	$ 7,048
2021	2,245,000	734,770	68,518	4,982
2022	2,310,000	666,211	70,493	3,006
2023	1,095,000	593,200	15,152	973
2024	1,115,000	549,400	15,631	494
2025-2029	5,850,000	2,064,800	-	-
20230-2034	3,520,000	1,088,800	-	-
2035-2039	3,250,000	328,600	-	-
Total	$21,545,000	$6,824,677	$254,518	$21,949

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

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

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

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

8. LEASES

Capital Lease

The District leases technology equipment which meets capitalization criteria. The following is a schedule of annual future minimum lease payments required under capital leases as of June 30, 2019:

Year	Capital Lease
2020	$143,792
2021	58,236
Total minimum lease payments due	202,028
Less amounts representing interest	5,446
Present value of lease payments	**$196,582**

Operating Lease

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

Lease expenditures on the operating lease were $12,114 in 2019, which is made up of amounts paid to Team Financial Group. The lease agreement was entered into November 30, 2018 and automatically renews each year for a total of five years. The lease requires monthly payments of $1,683 ($20,196 annually).

The following is a schedule of annual future minimum lease payments required under operating leases with lease terms in excess of one year as of June 30, 2019:

Year	**Operating Lease**
2020	$20,196
2021	20,196
2022	20,196
2023	20,196
2024	8,415
Total minimum lease payments due	$89,199

9. CONTINGENCIES

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

10. TAX ABATEMENTS

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

For the year ended June 30, 2019, the District's property tax revenues were reduced by the following as a result of Industrial Facilities Tax exemptions:

Municipality	**Amount**
Ravenna Township	$3,467
Sullivan Township	3,451

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

(This page left intentionally blank)

REQUIRED SUPPLEMENTARY INFORMATION

RAVENNA PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Revenues				
Local sources	$ 1,257,081	$ 1,463,440	$ 1,457,698	$ (5,742)
State sources	9,355,650	9,415,178	9,445,638	30,460
Federal sources	231,230	304,361	288,293	(16,068)
Total revenues	10,843,961	11,182,979	11,191,629	8,650
Expenditures				
Current				
Instruction	5,926,553	6,497,236	6,427,387	69,849
Support services	4,259,454	4,334,082	4,241,558	92,524
Community services	5,762	1,880	1,208	672
Athletics	279,935	348,990	343,308	5,682
Payments to other governmental entities	40	40	40	-
Debt service				
Principal	70,000	74,500	73,999	501
Interest expense	30,000	54,000	54,384	(384)
Total expenditures	10,571,744	11,310,728	11,141,884	168,844
Net changes in fund balance	272,217	(127,749)	49,745	177,494
Fund balance, beginning of year	715,027	715,027	715,027	-
Fund balance, end of year	$ 987,244	$ 587,278	$ 764,772	$ 177,494

RAVENNA PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Revenues				
Local sources	$ 186,200	$ 165,198	$ 183,328	$ 18,130
State sources	21,500	21,912	21,912	-
Federal sources	287,000	295,000	311,518	16,518
Total revenues	494,700	482,110	516,758	34,648
Expenditures				
Current				
Salaries	150,000	165,000	160,482	4,518
Fringe benefits	60,975	79,423	76,881	2,542
Food supplies	27,500	25,000	33,724	(8,724)
Contracted services	327,000	265,000	246,278	18,722
Indirect costs	24,050	25,550	22,379	3,171
Total expenditures	589,525	559,973	539,744	20,229
Net changes in fund balance	(94,825)	(77,863)	(22,986)	54,877
Fund balance, beginning of year	176,340	176,340	176,340	-
Fund balance, end of year	$ 81,515	$ 98,477	$ 153,354	$ 54,877

RAVENNA PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Revenues				
Local sources	$ 181,087	$ 191,111	$ 189,149	$ (1,962)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	181,087	191,111	189,149	(1,962)
Expenditures				
Current				
Support services				
Technology services	8,407	8,407	8,407	-
Debt service				
Principal	160,538	170,562	168,600	1,962
Interest expense	12,142	12,142	12,142	-
Total expenditures	181,087	191,111	189,149	1,962
Net changes in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

RAVENNA PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2019

	2018	2017	2016	2015	2014
District's proportion of the net pension liability (%)	0.06281%	0.06575%	0.06317%	0.06218%	0.06055%
District's proportionate share of the net pension liability	$ 18,883,218	$ 17,039,563	$ 15,759,767	$ 15,188,366	$ 13,337,739
District's covered payroll	5,116,122	5,584,832	5,376,704	5,405,416	4,523,153
District's proportionate share of the net pension liability as a percentage of its covered payroll (%)	369.09%	305.10%	293.11%	280.98%	294.88%
Plan fiduciary net position as a percentage of total pension liability	62.12%	64.21%	63.27%	63.17%	66.20%

Notes to schedule:
Amounts were determined as of September 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2018.
Changes of assumptions: There were no changes of benefit assumptions in 2018.
This schedule is being accumulated prospectively until ten years of data is presented.

RAVENNA PUBLIC SCHOOLS

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2019

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

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

Notes to schedule:
Amounts were determined as of June 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2018.
Changes of assumptions: There were no changes of benefit assumptions in 2018.
This schedule is being accumulated prospectively until ten years of data is presented.

RAVENNA PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2019

	2018	2017
District's proportion of the net OPEB liability (%)	0.06003%	0.06555%
District's proportionate share of the net OPEB liability	$ 4,771,865	$ 5,804,960
District's covered payroll	5,116,122	5,584,832
District's proportionate share of the net OPEB liability as a percentage of its covered payroll (%)	93.27%	103.94%
Plan fiduciary net position as a percentage of total OPEB liability	43.10%	36.39%

Notes to schedule:
Amounts were determined as of September 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2018.
Changes of assumptions: There were no changes of benefit assumptions in 2018.
This schedule is being accumulated prospectively until ten years of data is presented.

RAVENNA PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Statutorily required contributions	$ 389,661	$ 510,352
Contributions in relation to statutorily required contributions *	389,661	510,352
Contribution deficiency (excess)	$ -	$ -
District's covered payroll	$ 5,214,147	$ 5,188,243
Contributions as a percentage of covered payroll	7.5%	9.8%

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

Notes to schedule:
Amounts were determined as of June 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2018.
Changes of assumptions: There were no changes of benefit assumptions in 2018.
This schedule is being accumulated prospectively until ten years of data is presented.

(This page left intentionally blank)

GENERAL FUND
SCHEDULES

RAVENNA PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts Original	Budget Amounts Final	Actual Amount	Variance Positive (Negative)
Revenues				
Local sources				
Property taxes	$ 569,941	$ 604,947	$ 592,598	$ (12,349)
Interest	2,000	4,500	4,818	318
Athletic events	41,000	42,756	42,758	2
Transportation	40,000	30,000	31,648	1,648
Other	604,140	781,237	785,876	4,639
Total local sources	1,257,081	1,463,440	1,457,698	(5,742)
State sources				
Foundation allowance	7,041,425	7,153,797	7,153,798	1
MPSERS	928,937	798,149	800,651	2,502
Special education	350,000	375,000	402,962	27,962
At risk	329,449	356,763	356,764	1
Other	705,839	731,469	731,463	(6)
Total state sources	9,355,650	9,415,178	9,445,638	30,460
Federal sources				
Title I	82,509	123,889	123,889	-
Title II	28,935	40,392	40,392	-
Title III	2,286	2,386	2,528	142
TitleIV	10,000	10,194	10,194	-
I.D.E.A. program	105,000	125,000	110,137	(14,863)
Other	2,500	2,500	1,153	(1,347)
Total federal sources	231,230	304,361	288,293	(16,068)
Total Revenues	$ 10,843,961	$ 11,182,979	$ 11,191,629	$ 8,650

RAVENNA PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts Original	Budget Amounts Final	Actual Amount	Variance Positive (Negative)
Expenditures				
Current				
Instruction				
Elementary	$ 1,580,846	$ 1,660,137	$ 1,640,641	$ 19,496
High school	1,207,683	1,301,658	1,289,934	11,724
Middle school	1,259,438	1,122,046	1,112,321	9,725
Pre-school	32,267	33,369	32,540	829
Special education	1,280,602	1,610,423	1,572,600	37,823
Compensatory education	565,717	769,603	779,351	(9,748)
Total instruction	5,926,553	6,497,236	6,427,387	69,849
Support services				
Guidance services	653,510	780,016	763,852	16,164
Improvement of instruction	82,235	81,548	76,991	4,557
Educational media services	66,200	31,330	28,103	3,227
Supervision/director of instruction	221,677	221,141	215,633	5,508
Student assessment	2,500	5,500	5,317	183
Board of Education	64,000	63,780	80,746	(16,966)
Executive administration	306,551	310,033	304,838	5,195
Principal	575,790	538,089	532,690	5,399
Fiscal services	144,438	151,028	151,062	(34)
Other business services	18,121	16,806	17,335	(529)
Operations and maintenance	1,249,227	1,239,410	1,217,269	22,141
Transportation	516,578	523,766	498,310	25,456
Staff/Personnel services	40,368	41,501	41,944	(443)
Technology services	318,259	330,134	307,468	22,666
Total support services	4,259,454	4,334,082	4,241,558	92,524
Community services	5,762	1,880	1,208	672
Athletics	279,935	348,990	343,308	5,682
Payments to other governmental entities	40	40	40	-
Debt service				
Principal	70,000	74,500	73,999	501
Interest expense	30,000	54,000	54,384	(384)
Total expenditures	$ 10,571,744	$ 11,310,728	$ 11,141,884	$ 168,844

INTERNAL CONTROL AND COMPLIANCE

Vredeveld Haefner LLC
CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

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

September 6, 2019

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ravenna Public Schools, Ravenna, Michigan (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 6, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Vredeveld Haefner LLC