



HOLLAND, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2015**

WEST OTTAWA PUBLIC SCHOOLS

Holland, Michigan

Comprehensive Annual Financial Report

**Fiscal Year Ended
June 30, 2015**

Prepared by:

**Business Office
James English, Assistant Superintendent of Business Services**

**WEST OTTAWA PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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... Preparing students to be College, Career and Life Ready!

West Ottawa Public Schools

1138- 136th Avenue Holland, MI 49424

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www.westottawa.net

*Assistant Superintendent Business Services
Jim English*

*Assistant Superintendent Curriculum
Kent Henson*

*Superintendent
Tom Martin*

*Assistant Superintendent Human Resources
Greg Warsen*

*Assistant Superintendent Student Services
Jeri Page*

October 26, 2015

The Board of Education
West Ottawa Public Schools
1138 136th Avenue
Holland, MI 49424

Dear Board Members and Citizens of West Ottawa Public Schools:

This letter of transmittal provides an overview of the financial position of West Ottawa Public Schools (the District) from the perspective of the Superintendent and the Assistant Superintendent of Business Services. It serves as an introduction to our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The CAFR is divided into three sections: introductory section, financial section and statistical section. The introductory section includes the District's Organizational chart, a list of principal officials and this letter of transmittal. The financial section contains the independent auditor's unmodified opinion letter and the Management's Discussion and Analysis report. The Management's Discussion and Analysis report provides a more detailed analysis of the financial condition of the District and should be read in conjunction with this letter. The District's government-wide financial statements, fund financial statements and supplemental information are also contained in this section. The statistical section includes selected financial, demographic and general information, generally presented on a multi-year basis.

The District's business office has prepared this report, with responsibility and accuracy, fairness and completeness of the presentation, including all disclosures, resting with the District. We believe the information is accurate in all material respects, is presented in a manner designed to fairly show the financial position and results of operations of the District, and includes all disclosures necessary to enable the reader to gain an understanding of the District's financial affairs. The report includes a statistical section containing data on numerous financial trends as well as facility information.

The District

West Ottawa Public Schools is a suburban school district, located in Ottawa County and adjacent to the cities of Holland and Zeeland. The District covers approximately 73 square miles and includes major portions of Holland, Park, and Port Sheldon Townships as well as a portion of Olive Township. The District was formed in 1958. It is a fiscally independent school district governed by a seven-member elected Board of Education.

The District's student enrollment peaked ten years ago with more than 8,000 students and has been slowly declining ever since to the current level of 7,126 students. The projected enrollment for the 2015-2016 fiscal year is 6,935. There are currently eight elementary schools (pre-kindergarten through 5th grade), two middle schools (6th-8th grades), and one high school (9th-12th grades). The buildings range in age from 10 to 62 years. (At the conclusion of the 2014-2015 school year, Glerum Elementary was closed so there were nine elementary schools open during the 2014-2015 school year.)

Student Services Provided and Major Initiatives

West Ottawa Public Schools provides its students a comprehensive program of public education from the home delivery of services for early childhood special education students as early as age two through twelfth grade. The District has a broad-based curriculum designed to meet the individual needs of all students including regular daytime, at-risk, English language learners, special needs and alternative education pupils. All students have exposure to current technology integrated across curriculum and access to comprehensive media centers. Students also have the opportunity to participate in a Spanish Immersion program from pre-school through middle school. Middle school students have the opportunity to earn several high school credits prior to entering 9th grade. High School students can earn college credits through dual enrollment, Advanced Placement, and early college programs. The dual enrollment program allows qualifying high school students to attend local colleges and universities, receiving both high school and college credit. The District offers both an elementary International Baccalaureate program (at Great Lakes Elementary) and a high school International Baccalaureate program. The District's education program includes a wide array of special education services for eligible students. There are numerous opportunities for students to participate in extracurricular activities including music, drama, fine arts, interscholastic sports, clubs and many other special activities.

Accounting Systems, Budgetary Control and Annual Audit

The District adheres to budgetary policies and procedure established by the Board of Education, including specific guidelines in the development and review of the budget. The District utilizes a line item budget developed by the Assistant Superintendent of Business Services and the Superintendent, and finally submitted to the Board of Education for approval and adoption. The budget development process includes input from employees, parents and the community. This budget process is designed to effectively allocate resources and is amended by the Board of Education as needed during the fiscal year to reflect changes in assumptions and communicate fiscal projections openly to its constituents.

The District integrated the budget with the accounting system and internal controls. We have designed the internal controls to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use, and for maintaining accountability of the assets. These controls also provide assurance on the reliability of the financial records necessary for producing financial statements. We believe our budgetary and internal controls adequately safeguard District assets, and provide reasonable assurance that errors or fraud that could be material to the financial statements are prevented or would be detected within a timely period.

The District is required to have an annual audit performed of its financial statements. The financial statements are the responsibility of the management of the District, and the auditor is expressing an opinion on the statements.

Cash and Risk Management

The District maintains a prudent cash management and investment program. The policy and procedures are designed to maximize interest earnings on available cash balances with modest principal investment risk. The District's investments may include uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent and not in the District's name.

The District is a member the MASB-SEG Property/Casualty Pool, which is a member-owned and operated, no profit risk-sharing pool providing coverage to Michigan public schools, community colleges and associations. It is designed to insure property, liability and vehicle exposure. The District purchases excess insurance when warranted.

The District is also a member of the SEG Self-Insurer Workers' Compensation Fund, which is a self-insurance pool of Michigan school districts designed to insure worker's compensation and employers' liability exposures. The Fund purchases excess insurance to cover its members when needed. Thomas Martin serves as a board member of the 500-member workers' compensation fund.

The District is a member of the Western Michigan Health Insurance Pool (WMHIP) for insurance coverage for some of its employees. The WMHIP is a Michigan Public Act 106 (Public Employers Health Benefit Act) Self-Insurance Cooperative with school districts and other public entities pooling together to insure health insurance claims. James English is a board member of the health insurance pool.

Economic Environment

Michigan voters approved the state constitutional amendment known as Proposal A in 1994. Funding of District operation shifted dramatically from local property tax revenue to State Aid as a result of this amendment, with funding predominantly determined by student enrollment. Voter approval of the District's most recent bond issue in 2014 has allowed West Ottawa Public Schools to begin a ten-year strategic plan to improve its facilities and technology which will allow it to improve upon the educational opportunities offered to students both in and outside of the classroom. The 2014 bond proposal allows for the sale of just under \$90 million of bonds to provide funding for essential capital projects and purchases including building improvements and additions, new buses, new technology, security enhancements, and site improvements. Approximately \$47.5 million of the bonds have been issued. The remaining bonds will be issued in approximately five years.

Certificate of Excellence

The District is applying for the Certificate of Excellence for the first time in its history in order to improve its transparency to the community which has entrusted it with an unprecedented investment in its schools with the passage of the 2014 bond proposal.

In Appreciation

We would like to express appreciation to a dedicated Board of Education that has adopted sound policies and programs designed to continue the District's quality improvement so that we can prepare all students to be college, career and life ready. We are also grateful to the staff members who work tirelessly to provide the best educational environment possible for West Ottawa students.

But we are most thankful for a community that supports its school system through its exceptional volunteerism, its tremendous ongoing financial support, and its commitment to helping West Ottawa Public Schools serve the needs of every one of its students each and every day.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. K. Martin', with a stylized flourish at the end.

Thomas K. Martin
Superintendent of Schools

A handwritten signature in black ink, appearing to read 'J. English', with a stylized flourish at the end.

James English
Assistant Superintendent
of Business Services

**West Ottawa Public Schools
Comprehensive Annual Financial Report
Principal Officials and Administrative Staff**

2015 Board of Education

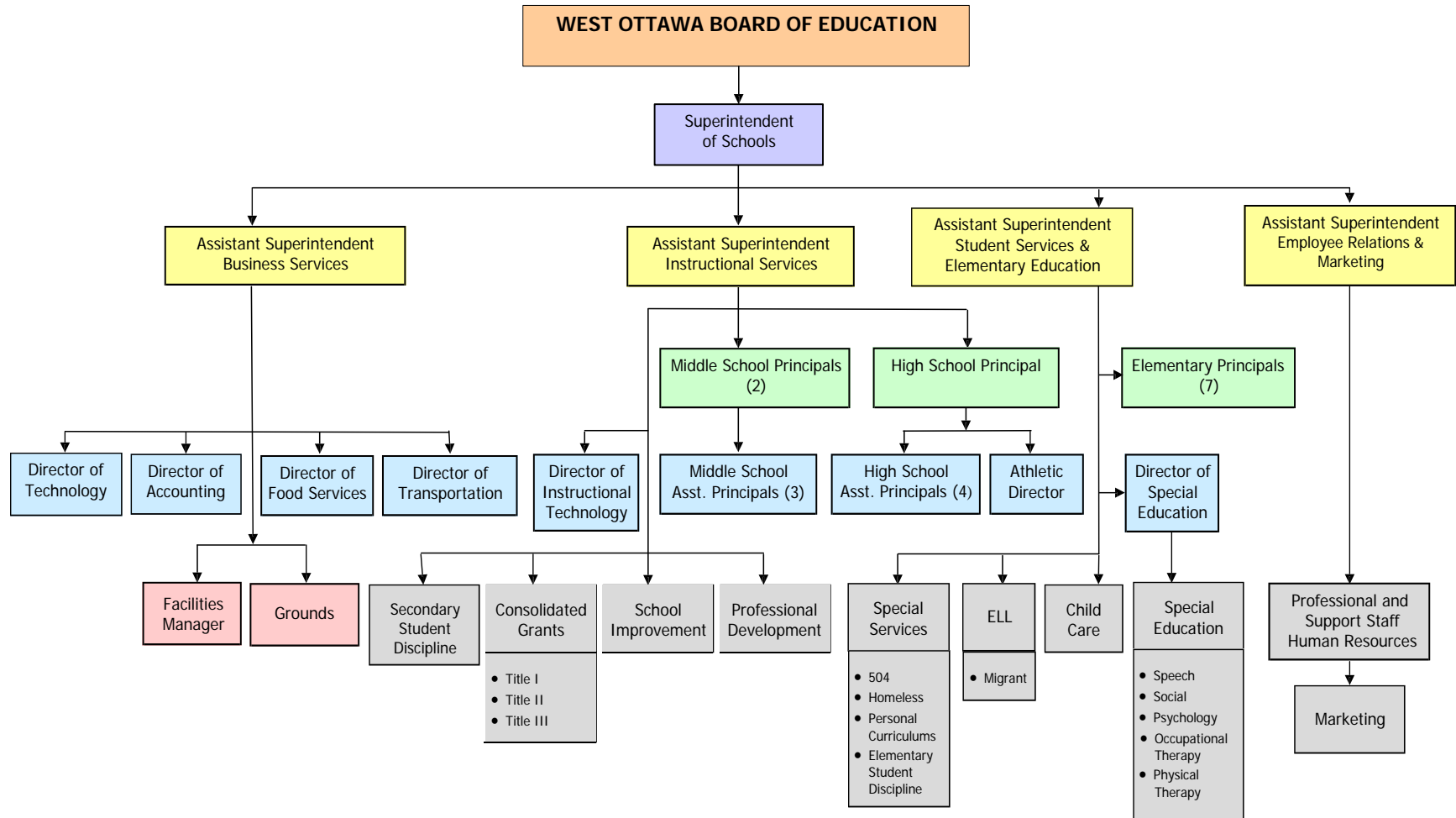
President	Mary Remenschneider
Vice President	Phil Perkins
Secretary	Lynn Rutan
Trustee	Darrin Duisttermars
Trustee	Kate McCoy
Trustee	Sue McKanna
Trustee	Randy Schipper

The Board Treasurer role is fulfilled by the Assistant Superintendent of Business Services.

2014 - 2015 Administrative Staff

Superintendent	Thomas Martin
Assistant Superintendent of Business Services	James English
Assistant Superintendent of Employee Relations & Marketing	Greg Warsen
Assistant Superintendent of Instructional Services	Kent Henson
Assistant Superintendent of Student Services	Jeri Page

**WEST OTTAWA PUBLIC SCHOOLS
ADMINISTRATIVE ORGANIZATIONAL CHART**



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
West Ottawa Public Schools

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 West Ottawa Public Schools, as of and for the year ended June 30, 2015, 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 West Ottawa Public Schools as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 11 to the financial statements, West Ottawa Public Schools implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Ottawa Public Schools basic financial statements. The additional supplementary information, as identified in the table of contents, and schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The additional supplementary 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 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 additional supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015 on our consideration of West Ottawa Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 West Ottawa Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

October 26, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of West Ottawa Public Schools (the District), we offer this narrative overview and analysis of the financial activities of West Ottawa Public Schools for the year ended June 30, 2015.

Generally accepted accounting principles (GAAP) require the reporting of two types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

For the year ended June 30, 2015, the District implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These changes are significant at the district-wide level.

These new financial reporting standards require participants in a multi-employer cost sharing pension plan to:

- Record a proportionate share of the net pension liability on our statement of net position.
- Record a proportionate share of pension expense as defined by GASB on our statement of activities.
- Report additional note disclosures and required supplementary information.
- These changes will not result in any changes at the fund level.

District-Wide Financial Statements

The district-wide financial statements are prepared using full accrual accounting and more closely represent those presented by business and industry. All of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt and other long-term liabilities of the District.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases and decreases in net position can serve as a barometer of financial health and whether the District's financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the year. This statement focuses on both the gross and net cost of the various activities which are supported by the District's general tax, state aid and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services.

Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are measurable and currently available are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. In the State of Michigan, school districts' major instruction and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, Debt Service Funds and Capital Project (Sinking) Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt obligations are not recorded in the fund financial statements.

District-Wide Financial Analysis

The following schedule summarizes the net position at June 30, 2015 and 2014.

Table 1 West Ottawa Public Schools Net Position (in Millions)			
	2015	2014	Change
Current assets	\$ 70.61	\$ 70.23	\$ 0.38
Capital assets, net	121.70	123.28	(1.58)
Total assets	192.31	193.51	(1.20)
Deferred outflow of resources	11.17	-	11.17
Long-term liabilities outstanding	137.32	147.77	(10.45)
Other liabilities	10.38	8.43	1.95
Net pension liability	100.99	-	100.99
Total liabilities	248.69	156.20	92.49
Deferred inflows of resources	11.52	0.54	10.98
Net position:			
Net investment in capital assets	28.23	21.20	7.03
Restricted	1.11	2.25	(1.14)
Unrestricted	(86.07)	13.32	(99.39)
Total net position	\$ (56.73)	\$ 36.77	\$ (93.50)
The 2014 figures have not been updated for the adoption of GASB 68 and 71.			

The District's combined net position at the beginning of the fiscal year as restated because of GASB 68 and 71 implementation was (\$64,813,799) and on June 30, 2015 it was (\$56,731,611) which represents an increase of \$8,082,188 as recorded in the statement of activities.

The increase in Net Position of the District from the restated previous year amount can be attributed to the District paying down principal on long-term debt, reducing debt through the refunding of 2005 bonds, and recognizing an increase in fund balance in the general fund.

The District did not borrow funds for operations during the year.

Capital Assets

At June 30, 2015, the District had invested over \$198 million in a broad range of capital assets, including school buildings and facilities, site improvements, school buses and other vehicles and various types of equipment. Depreciation expense for the year amounted to approximately \$4 million, bringing accumulated depreciation to \$76.4 million as of June 30, 2015.

Table 2 West Ottawa Public Schools' Capital Assets				
	2015			2014
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 6,050,248	\$ -	\$ 6,050,248	\$ 6,050,248
Construction in progress	1,820,222	-	1,820,222	-
Buildings and improvements	173,830,162	63,920,528	109,909,634	113,068,281
Furniture and equipment	11,133,274	9,121,000	2,012,274	2,178,138
Buses and other vehicles	5,284,028	3,373,647	1,910,381	1,982,285
Total	<u>\$ 198,117,934</u>	<u>\$ 76,415,175</u>	<u>\$ 121,702,759</u>	<u>\$ 123,278,952</u>

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable.

Long-Term Liabilities

At June 30, 2015, the District had approximately \$137 million in long-term obligations outstanding. This represents a decrease of approximately \$11 million from the amount outstanding at the close of the prior fiscal year. The decrease is due to the retirement of principal as part of routine annual debt payments along with savings from refunding 2005 debt. The net present value savings of the 2005 refunding was more than \$730,000 with a total dollar savings of \$834,000 over the life of the refunding bonds issued in 2015.

For more detailed information regarding capital assets and debt administration, please review the notes to the financial statements located in the financial section of this report.

Results of Operations

For the fiscal years ended June 30, 2015 and 2014, the results of operations, on a district-wide basis were:

	2015	2014	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,187,882	\$ 1,289,393	\$ (101,511)
Operating grants and contributions	13,853,104	13,142,471	710,633
General revenues:			
Property taxes	26,393,704	25,629,321	764,383
Investment earnings	484,416	43,930	440,486
State aid - unrestricted	40,899,930	40,102,845	797,085
Intermediate sources	5,195,761	5,621,831	(426,070)
Other	411,851	439,708	(27,857)
Total revenues	88,426,648	86,269,499	2,157,149
Expenses:			
Instruction	46,521,013	45,505,240	1,015,773
Support services	19,682,129	20,114,506	(432,377)
Community services	316,322	318,932	(2,610)
Food services	3,534,078	3,308,115	225,963
Outgoing transfers and other transactions	4,150	1,639	2,511
Interest on long-term debt	6,306,720	5,710,959	595,761
Unallocated depreciation	3,980,048	3,633,795	346,253
Total expenses	80,344,460	78,593,186	1,751,274
Change in net position	\$ 8,082,188	\$ 7,676,313	\$ 405,875
The 2014 figures have not been updated for the adoption of GASB 68 and 71.			

In most of the above categories, the differences between the 2013-2014 fiscal year and the 2014-2015 fiscal year (change) would generally be considered well within the normal range. A notable change is the increase in operating grants and contributions due to an increase in the MPSERS pension pass through. This pass through of revenue contributed to an increase in instructional expenditures to show the expenditure of the pension contributions. The pass through transaction is a net zero transaction for the District.

The notable change in support services is associated with continued expense reduction by way of attrition. The District continues to deliberately reduce expenditures outside of the classroom as much as possible rather than to affect learning opportunities for students.

The Intermediate Sources of revenue from Ottawa Intermediate School District (OAISD) did drop in 2014-2015. There was a significant drop in the net special education funding from OAISD due to a drop in pupil enrollment in the District and some changes in the center program configurations.

Analysis of Significant Revenues and Expenditures

Significant revenues come from the State of Michigan in the form of per pupil revenue. The per pupil revenue is partially paid as State Aid and partially paid in the form of non-Principal Residence Exemption (non-homestead) property taxes on certain property within the District.

State Sources

The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's October (2014) count and 10% of the current year's February (2015) count. The state per-pupil allocation was \$7,026 for 2013-2014 and increased by \$100 per pupil for 2014-2015 to \$7,126 per pupil.

Student Enrollment

The District's enrollment for the fall count of 2014-2015 was 7,126 students. This is a decrease of 123 students or 1.7% from the prior fall. The decrease can be partly attributed to lower birth rates translating into less students. A change in the birthdate cut-off for kindergarten students from November 1 to October 1 did cause a drop of about 30 kindergarten students as less students were eligible to attend kindergarten under the revised law. In the fall of 2015, this date will move from October 1 to September 1 which will result in a further drop in kindergarten students in 2015-2016. Historical data is included below.

<u>Year</u>	<u>Enrollment</u>	<u>Change from Prior Year</u>
Fall 2014	7,126	-123
Fall 2013	7,249	-154
Fall 2012	7,403	-38
Fall 2011	7,441	-43
Fall 2010	7,484	-178
Fall 2009	7,662	+24
Fall 2008	7,638	-158

Property Taxes

The District levies 18 mills of property taxes for operations on non-Principal Residence Exemption (non-homestead) properties. Each year the voters of the District have approved an override to the reductions otherwise required by the Headlee Amendment. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is 50% of the property's market value.

The non-Principal Residence Exemption (non-homestead) property tax levy is part of the state aid per pupil funding formula. For the 2014-2015 fiscal year, the District's net property tax revenues for general purposes were \$10,841,989. This was an increase of 3% from the prior year as property values begin to climb.

The District levied 7.75 mills of property taxes on all classes of property located within the District for bonded debt retirement. This levy is adjusted as property values increase or decrease and is used to pay the principal and interest on bond obligations. The total of revenues for debt retirement in the current year was \$14,998,291.

West Ottawa Public Schools levied a 0.3 mill building and site fund property tax to pay for repairs. The building and site fund is often referred to as a "sinking fund." The total sinking fund levy in the current year was \$578,595.

Wage and Benefit Expenditures

West Ottawa Public Schools spends the majority of its resources on staffing to provide for the educational needs of students, while also providing for the efficient operation of the District with staff that maintain grounds and facilities, transport students, administer state and federal programs, provide executive management for the organization, and feed students both breakfast and lunch.

The total wages paid to District employees exceeded \$38.5 million, down nearly \$400,000 from the prior year, with benefit costs up by approximately \$2.2 million and equal to approximately \$22.7 million for the fiscal year. The total health benefit costs for 2014-2015 were about \$5.8 million, up approximately \$200,000 from the prior year. The District contributed around \$13.4 million toward employees' pension benefits, an increase of 18% over 2013-2014. The remaining benefits consisted of employer contributions toward social security, Medicare, and worker's compensation. Wage and benefit costs were equal to approximately 85% of all expenditures when long-term debt expenses are excluded.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2014-2015 fiscal year, the District amended the general fund budget, with the Board adopting the final changes in June 2015. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations.

	Original budget	Final budget	Actual	Variance with final budget	% Variance
Total revenues and other financing sources	<u>\$ 66,811,000</u>	<u>\$ 68,409,000</u>	<u>\$ 68,548,207</u>	<u>\$ 139,207</u>	0.20%
Expenditures and other financing uses					
Instruction	\$ 45,731,000	\$ 46,815,000	\$ 46,734,889	\$ 80,111	0.17%
Support services	20,917,000	20,574,000	20,374,920	199,080	0.97%
Community services	338,000	320,000	316,322	3,678	1.15%
Other financing uses	<u>121,000</u>	<u>100,000</u>	<u>96,972</u>	<u>3,028</u>	3.03%
Total expenditures and other financing uses	<u>\$ 67,107,000</u>	<u>\$ 67,809,000</u>	<u>\$ 67,523,103</u>	<u>\$ 285,897</u>	0.42%

The actual revenues and other financing sources for the general fund were about \$68.5 million. This is above the final amended budget by \$139,207 or 0.20%. The actual general fund expenditures and other financing uses were \$67.5 million. This is below the final amended budget amount by 0.42%. The variances are below 1% and are not significant.

Analysis of Financial Position

The District had a general fund surplus of approximately \$1,025,000 in 2014-2015. The surplus was primarily due to one-time performance funding allocation from the State of Michigan of approximately \$500,000 along with support staff cost reductions through attrition.

The accumulated fund balance is increased to approximately \$13.3 million and allows the District to provide appropriate capital investments to sustain long-term viability, allows the District to plan for the future without being subject to the whims of an ever-changing legislature, and allows the District to avoid borrowing for cash flow for its general operations.

Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its health in the future:

- The current Governor and legislature of the State of Michigan have continued to remove approximately \$400 million designated for K-12 funding to give it to higher education institutions and community colleges annually. State politicians may choose to divert earmarked funds away from K-12 education again in the future. There is a specific risk that they may choose to do this to fund badly needed road repairs based on current discussions at the State level.
- In the past three fiscal years and the upcoming fiscal year, available K-12 funding has been used to reduce the pension long-term liability and subsidize the current rate charged to the School District. It is impossible to know how the pension system liabilities might change or whether the legislature might increase or decrease its retirement system subsidy.
- Further competition from online schools and other untested new educational models approved by the legislature and Governor in recent years could further erode the District's student enrollment in the fall of 2015 and beyond.
- Continued focus on containing costs to match the size of enrollment will be key in maintaining positive fund balance going forward. Glerum Elementary is in the process of being partially demolished and then repurposed so the District will have one less elementary school in 2015-2016 in an effort to maintain a viable level of fixed costs with a shrinking student population.
- The District received approval from the voters to issue \$89.95 million in new bonds on May 6, 2014. The approval will allow the District to make site and building improvement, replace the poorly functioning transportation center, and purchase new buses and technology. The District has issued over \$47 million of the approved bonds, including bond premium. Those funds are being used now to replace boilers, improve building security, improve traffic flow, buy buses, and purchase technology. This will alleviate pressure on the general fund and sinking fund to pay for all these needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Assistant Superintendent for Business Services, West Ottawa Public Schools, Holland, Michigan.

BASIC FINANCIAL STATEMENTS

WEST OTTAWA PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental activities
ASSETS:	
Cash and cash equivalents	\$ 12,489,938
Investments	3,021,083
Receivables:	
Accounts receivable	668
Taxes receivable	18,173
Interest receivable	116,270
Intergovernmental	10,358,759
Due from fiduciary fund	800
Inventories	22,750
Prepays	50,589
Restricted cash - capital projects	3,436,325
Restricted investments - capital projects	41,090,968
Capital assets not being depreciated	7,870,470
Capital assets, net of accumulated depreciation	113,832,289
TOTAL ASSETS	192,309,082
DEFERRED OUTFLOWS OF RESOURCES:	
Related to pensions	11,168,190
LIABILITIES:	
Accounts payable	651,938
Accrued salaries and related items	6,804,154
Accrued interest	1,882,228
Intergovernmental payable	118,138
Unearned revenue	925,904
Noncurrent liabilities:	
Due within one year	6,493,218
Due in more than one year	130,823,962
Net pension liability	100,986,711
TOTAL LIABILITIES	248,686,253
DEFERRED INFLOWS OF RESOURCES:	
Deferred charge on refunding	358,508
Related to pensions	11,164,122
TOTAL DEFERRED INFLOWS OF RESOURCES	11,522,630
NET POSITION:	
Net investment in capital assets	28,235,005
Restricted for capital projects	1,111,022
Unrestricted	(86,077,638)
TOTAL NET POSITION	\$ (56,731,611)

The notes to the basic financial statements
are an integral part of this statement.

**WEST OTTAWA PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/programs	Expenses	Program revenues		Governmental activities
		Charges for services	Operating grants	Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	\$ 46,521,013	\$ 82,374	\$ 7,672,360	\$ (38,766,279)
Support services	19,682,129	59,039	3,346,148	(16,276,942)
Community services	316,322	-	45,744	(270,578)
Food services	3,534,078	1,046,469	2,788,852	301,243
Outgoing transfers and other	4,150	-	-	(4,150)
Interest on long-term debt	6,306,720	-	-	(6,306,720)
Unallocated depreciation	3,980,048	-	-	(3,980,048)
Total governmental activities	<u>\$ 80,344,460</u>	<u>\$ 1,187,882</u>	<u>\$ 13,853,104</u>	<u>(65,303,474)</u>
General revenues:				
Property taxes, levied for general purposes				10,841,989
Property taxes, levied for debt service				14,973,120
Property taxes, levied for capital projects sinking fund				578,595
Investment earnings				484,416
State sources				40,899,930
Intermediate sources				5,195,761
Other				<u>411,851</u>
Total general revenues				<u>73,385,662</u>
CHANGE IN NET POSITION				8,082,188
NET POSITION, beginning of year, as restated				<u>(64,813,799)</u>
NET POSITION, end of year				<u>\$ (56,731,611)</u>

The notes to the basic financial statements
are an integral part of this statement.

**WEST OTTAWA PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	2014 Capital projects fund	Total nonmajor funds	Total governmental funds
ASSETS				
ASSETS:				
Cash and cash equivalents	\$ 7,820,723	\$ -	\$ 4,669,215	\$ 12,489,938
Investments	3,021,083	-	-	3,021,083
Receivables:				
Property taxes receivable	562	-	17,611	18,173
Accounts receivable	-	-	668	668
Interest receivable	-	116,270	-	116,270
Intergovernmental	10,256,643	-	102,116	10,358,759
Due from other funds	-	1,924	14,564	16,488
Due from fiduciary funds	800	-	-	800
Inventories	-	-	22,750	22,750
Prepays	39,794	-	10,795	50,589
Restricted cash - capital projects	-	3,436,325	-	3,436,325
Restricted investments - capital projects	-	41,090,968	-	41,090,968
TOTAL ASSETS	\$ 21,139,605	\$ 44,645,487	\$ 4,837,719	\$ 70,622,811
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 63,525	\$ 584,511	\$ 3,902	\$ 651,938
Accrued salaries and related items	6,795,216	-	8,938	6,804,154
Intergovernmental payable	110,856	-	7,282	118,138
Due to other funds	16,488	-	-	16,488
Unearned revenue	880,186	-	45,718	925,904
TOTAL LIABILITIES	7,866,271	584,511	65,840	8,516,622

The notes to the basic financial statements
are an integral part of this statement.

	General Fund	2014 Capital projects fund	Total nonmajor funds	Total governmental funds
FUND BALANCES:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 22,750	\$ 22,750
Prepays	39,794	-	10,795	50,589
Restricted:				
Food service	-	-	991,434	991,434
Capital projects	-	44,060,976	1,111,022	45,171,998
Debt service	-	-	1,092,934	1,092,934
Assigned:				
Subsequent year expenditures	1,410,000	-	140,000	1,550,000
Capital projects	-	-	1,402,944	1,402,944
Unassigned	11,823,540	-	-	11,823,540
TOTAL FUND BALANCES	13,273,334	44,060,976	4,771,879	62,106,189
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,139,605	\$ 44,645,487	\$ 4,837,719	\$ 70,622,811

The notes to the basic financial statements
are an integral part of this statement.

WEST OTTAWA PUBLIC SCHOOLS
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO NET POSITION OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION
YEAR END JUNE 30, 2015

Total governmental fund balances	\$ 62,106,189
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred charges on refunding, net of amortization	(358,508)
Deferred outflows of resources - related to pensions	11,168,190
Deferred inflows of resources - related to pensions	(11,164,122)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	198,117,934
Accumulated depreciation is	(76,415,175)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(118,581,506)
Accreted interest on capital appreciation bonds	(18,588,716)
Compensated absences and termination benefits	(146,958)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(1,882,228)
Net pension liability	(100,986,711)
Net position of governmental activities	<u><u>\$ (56,731,611)</u></u>

The notes to the basic financial statements
are an integral part of this statement.

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WEST OTTAWA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>2014 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
REVENUES:				
Local sources:				
Property taxes	\$ 10,841,989	\$ -	\$ 15,551,715	\$ 26,393,704
Tuition	82,374	-	-	82,374
Investment earnings	34,661	416,558	33,197	484,416
Food sales	-	-	1,027,290	1,027,290
Other	224,240	-	316,320	540,560
Total local sources	11,183,264	416,558	16,928,522	28,528,344
State sources	49,235,858	-	141,897	49,377,755
Federal sources	2,728,324	-	2,646,955	5,375,279
Incoming transfers and other	5,195,761	-	-	5,195,761
Total revenues	68,343,207	416,558	19,717,374	88,477,139
EXPENDITURES:				
Current:				
Instruction	46,734,889	-	-	46,734,889
Supporting services	20,374,920	-	-	20,374,920
Food service activities	-	-	3,551,991	3,551,991
Community service activities	316,322	-	-	316,322
Capital outlay	-	2,414,453	158,339	2,572,792

The notes to the basic financial statements
are an integral part of this statement.

	General Fund	2014 Capital projects fund	Total nonmajor funds	Total governmental funds
EXPENDITURES: (Concluded)				
Debt service:				
Principal repayment	\$ -	\$ -	\$ 6,807,728	\$ 6,807,728
Interest expense	-	-	8,101,745	8,101,745
Bond issuance costs	-	5,785	57,540	63,325
Other	-	-	4,150	4,150
Total expenditures	<u>67,426,131</u>	<u>2,420,238</u>	<u>18,681,493</u>	<u>88,527,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>917,076</u>	<u>(2,003,680)</u>	<u>1,035,881</u>	<u>(50,723)</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	-	6,580,000	6,580,000
Payment to refunded bond escrow	-	-	(8,001,140)	(8,001,140)
Bond premium	-	-	469,680	469,680
Proceeds from sale of capital assets	-	-	7,049	7,049
Transfer in	205,000	-	1,501,090	1,706,090
Transfer out	-	-	(1,706,090)	(1,706,090)
Other	(96,972)	-	-	(96,972)
Total other financing sources (uses)	<u>108,028</u>	<u>-</u>	<u>(1,149,411)</u>	<u>(1,041,383)</u>
NET CHANGE IN FUND BALANCES	<u>1,025,104</u>	<u>(2,003,680)</u>	<u>(113,530)</u>	<u>(1,092,106)</u>
FUND BALANCES:				
Beginning of year	<u>12,248,230</u>	<u>46,064,656</u>	<u>4,885,409</u>	<u>63,198,295</u>
End of year	<u>\$ 13,273,334</u>	<u>\$ 44,060,976</u>	<u>\$ 4,771,879</u>	<u>\$ 62,106,189</u>

The notes to the basic financial statements
are an integral part of this statement.

**WEST OTTAWA PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances total governmental funds	\$ (1,092,106)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	(3,980,048)
Capital outlay	2,403,855
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	1,398,006
Accrued interest payable, end of the year	(1,882,228)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Refunding bonds issued	(6,580,000)
Payments to refunded bond escrow	8,001,140
Payments on debt	6,807,728
Premium on issuance of bonds	(469,680)
Net decrease in accretion on bonds	2,279,247
Amortization of bond premium	553,646
Amortization of deferred charges on refunding	20,189
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences and termination benefits, beginning of the year	172,335
Accrued compensated absences and termination benefits, end of the year	(146,958)
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 governmental funds:	
Pension related items	597,062
Change in net position of governmental activities	\$ 8,082,188

The notes to the basic financial statements
are an integral part of this statement.

WEST OTTAWA PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2015

	<u>Agency fund</u>
ASSETS:	
Cash	\$ 1,013,131
Investments	<u>22,838</u>
TOTAL ASSETS	<u>\$ 1,035,969</u>
LIABILITIES:	
Due to general fund	\$ 800
Due to student and other groups	<u>1,035,169</u>
TOTAL LIABILITIES	<u>\$ 1,035,969</u>

The notes to the basic financial statements
are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide 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 District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

B. Reporting Entity

The West Ottawa Public Schools (the “District”) is governed by the West Ottawa Public Schools Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual 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 District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

WEST OTTAWA PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation - Fund Financial Statements (Continued)

The major *capital projects fund* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

The following is a summary of the revenue and expenditures for the 2014 capital projects bond activity since inception through the current fiscal year:

	2014 Bond
Revenues and other financing sources	\$ 46,939,336
Expenditures	\$ 2,878,360

The above revenue amount includes net bond proceeds of \$46,525,736.

Other non-major funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service activities in the special revenue funds.

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects building transfer fund* accounts for the transfers from the general fund for the acquisition of fixed assets.

The *capital projects sinking fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation - Fund Financial Statements (Concluded)

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

F. Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund(s). The capital projects funds are appropriated on a project-length basis. Other funds do not have appropriated budgets.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Information (Concluded)

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2015. The District does not consider these amendments to be significant.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)**

2. Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital assets (Concluded)

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	25 - 50
Furniture and equipment	5 - 20
Busses and other vehicles	8

5. Defined benefit plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

6. Deferred outflows/inflows of resources

Deferred outflows

In addition to assets, the statement of net 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 only has one item that qualifies for reporting in this category. A deferred outflow is recognized for pension related items. These amounts are expensed in the plan years in which they apply.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Deferred inflows

In addition to liabilities, the statement of net 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 two items that qualify for reporting in this category. The first item is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

7. Net position flow assumption

Sometimes the District 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 and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

8. Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. 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.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of education has by resolution authorized the superintendent or his designee to assign fund balance. The board of education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the general fund, the District strives to maintain a secure financial position whereby the fund balance does not fall below 15% of the preceding year's expenditures.

H. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as *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 requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Expenditures/Expenses (Continued)

2. Property taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2015, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund:	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund:	
PRE, Non-PRE, Commercial Personal Property	7.75
Capital projects sinking fund:	
PRE and Non-PRE	0.30

3. Compensated absences

The District's policies generally provide for granting vacation or sick leave with pay. The current and long-term liability for compensated absences and termination benefits is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in the governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements.

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses (Concluded)

4. Long-term obligations (Concluded)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2015, the district had the following investments:

Investment Type	Fair value	Weighted average maturity (years)	Standard & Poor's Rating	%
Fidelity Institutional Treasury Portfolio	\$ 63,886	0.0027	N/A	0.14%
United States Treasury Notes	39,582,782	1.4911	AA+	89.69%
Bank of Holland - CD	1,444,300	1.9629	N/A	3.27%
Bank of Holland - CD	1,007,000	0.6318	N/A	2.28%
Bank of Holland - CD	1,004,083	0.6318	N/A	2.28%
Bank of Holland - CD	1,010,000	1.6200	N/A	2.29%
FDIC insured deposit account	8,569	0.0027	N/A	0.02%
US Treasury Debentures	14,269	5.5469	AA+	0.03%
Total fair value	<u>\$ 44,134,889</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>1.4862</u>		

1 day maturity equals 0.0027, one year equals 1.00

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2015, the District did not have investments in commercial paper and corporate bonds.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2015, \$17,213,985 of the District's bank balance of \$17,713,985 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$16,939,394.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

At June 30, 2015, the carrying amount is as follows:

Deposits	\$ 16,939,394
Investments	44,134,889
	<u>\$ 61,074,283</u>

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)

The above amounts are reported in the financial statements as follows:

Cash and cash equivalents:	
Government wide - unrestricted	\$ 12,489,938
Government wide - restricted	3,436,325
Agency	1,013,131
Investments:	
Government wide - unrestricted	3,021,083
Government wide - restricted	41,090,968
Agency	22,838
	<u>\$ 61,074,283</u>

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2014	Additions	Deletions	Adjustments	Balance June 30, 2015
Assets not being depreciated:					
Land	\$ 6,050,248	\$ -	\$ -	\$ -	\$ 6,050,248
Construction in progress	-	1,820,222	-	-	1,820,222
Subtotal	6,050,248	1,820,222	-	-	7,870,470
Other capital assets:					
Buildings and improvements	173,830,162	-	-	-	173,830,162
Furniture and equipment	10,897,201	241,023	-	(4,950)	11,133,274
Buses and other vehicles	4,939,164	369,273	25,000	591	5,284,028
Subtotal	189,666,527	610,296	25,000	(4,359)	190,247,464
Accumulated depreciation:					
Buildings and improvements	60,761,881	3,158,663	-	(16)	63,920,528
Furniture and equipment	8,719,063	401,939	-	(2)	9,121,000
Buses and other vehicles	2,956,879	419,446	25,000	22,322	3,373,647
Total accumulated depreciation	72,437,823	3,980,048	25,000	22,304	76,415,175
Net capital assets being depreciated	117,228,704	(3,369,752)	-	(26,663)	113,832,289
Net governmental capital assets	<u>\$ 123,278,952</u>	<u>\$ (1,549,530)</u>	<u>\$ -</u>	<u>\$ (26,663)</u>	<u>\$ 121,702,759</u>

Depreciation expense for the fiscal year ended June 30, 2015 amounted to \$3,980,048 and was not allocated.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2015 consist of the following:

State aid	\$ 8,996,052
Federal revenue	820,570
Intermediate sources	<u>542,137</u>
	<u><u>\$ 10,358,759</u></u>

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 5 - LONG-TERM DEBT

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2015:

	Accumulated compensated absences and termination benefits	Bonds and other debt	Total
Balance, July 1, 2014	\$ 172,335	\$ 147,601,163	\$ 147,773,498
Additions	-	7,049,680	7,049,680
Deletions	<u>(25,377)</u>	<u>(17,480,621)</u>	<u>(17,505,998)</u>
Balance, June 30, 2015	146,958	137,170,222	137,317,180
Due within one year	<u>14,696</u>	<u>6,478,522</u>	<u>6,493,218</u>
Due in more than one year	<u><u>\$ 132,262</u></u>	<u><u>\$ 130,691,700</u></u>	<u><u>\$ 130,823,962</u></u>

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM DEBT (Continued)

Bonds payable at June 30, 2015 is comprised of the following issues:

1992 refunding bonds - due in annual installments of \$1,193,522 to \$1,286,416 through May 1, 2020 with interest at 6.400%; including accreted interest on capital appreciation bonds of \$18,588,716.	\$ 24,807,011
2008 refunding bonds - due in annual installments of \$180,000 to \$900,000 through May 1, 2026 with interest from 4.000% to 4.130%.	7,240,000
2012 Series A refunding bonds - due in annual installments of \$245,000 to \$4,345,000 through May 1, 2032 with interest from 2.000% to 5.000%.	37,805,000
2012 Series B refunding bonds - due in annual installments of \$1,720,000 to \$2,470,000 through May 1, 2020 with interest from 3.000% to 5.000%.	10,990,000
2014 building and site bonds - due in annual installments of \$1,000,000 to \$3,775,000 through May 1, 2039 with interest from 3.000% to 5.000%	41,500,000
2015 refunding bonds - due in annual installments of \$680,000 to \$2,000,000 through May 1, 2022 with interest from 3.000% to 4.000%.	6,580,000
Plus: premium on bond refunding	<u>8,248,211</u>
Total general obligation debt	137,170,222
Obligation under contract for compensated absences and termination benefits	<u>146,958</u>
Total general long-term debt	<u><u>\$ 137,317,180</u></u>

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2015, \$78,265,000 of bonds outstanding are considered defeased.

On February 17, 2015, the District issued general obligation bonds of \$6,580,000 with interest rates ranging from 3.0% to 4.0% and made a payment of \$1,009,000 to advance refund a portion of the District's outstanding 2005 refunding bonds with an interest rate of 4.00% to 5.00%. The bonds mature at various times through May 1, 2022. The general obligation bonds were issued at a premium of \$469,680 after paying issuance costs of \$57,540, the net proceeds were \$6,992,140. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's government-wide financial statements.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM DEBT (Concluded)

As a result of the advance refunding, the District reduced its total debt service requirements by \$834,335, which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$733,396.

The annual requirements to amortize debt outstanding as of June 30, 2015, including interest payments of \$75,746,147 are as follows:

Year ending June 30,	Principal	Interest	Total
2016	\$ 6,478,522	\$ 8,724,839	\$ 15,203,361
2017	6,607,650	8,942,268	15,549,918
2018	6,656,750	9,190,168	15,846,918
2019	5,618,957	9,460,310	15,079,267
2020	4,186,416	9,768,201	13,954,617
2021 - 2025	36,710,000	18,232,910	54,942,910
2026 - 2030	22,320,000	7,367,199	29,687,199
2031 - 2035	13,680,000	3,244,252	16,924,252
2036 - 2039	8,075,000	816,000	8,891,000
	110,333,295	75,746,147	186,079,442
Accreted interest on capital appreciation bonds	18,588,716	-	18,588,716
Premium on bond refunding	8,248,211	-	8,248,211
Accumulated compensated absences and termination benefits	146,958	-	146,958
	<u>\$ 137,317,180</u>	<u>\$ 75,746,147</u>	<u>\$ 213,063,327</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2015 are as follows:

Receivable fund	Payable fund
2014 Capital projects \$ 1,924	General fund <u>\$ 16,488</u>
Other nonmajor funds <u>14,564</u>	
<u>\$ 16,488</u>	

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

WEST OTTAWA PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (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. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools/0,1607,7-206-36585-,00.html>.

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and 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 pension. Any changes to a member's pension 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 the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus (PPP) members, age 60 with 10 years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 - Credited Service after the Transition Date times 1.5% times FAC.

Option 2 - Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC.

Option 4 - None (Member will receive benefit through a Defined Contribution plan).

Final Average Compensation - Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

Member Contributions

The majority of the members currently participate on a contributory basis, under a variety of options "Benefits Provided." Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Employer Contributions

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 District's pension contributions for the year ended June 30, 2015 were equal to the required contribution total. Pension contributions were approximately \$12,396,000 with \$9,255,000 specifically for the Defined Benefit Plan. These amounts include Section 147 contributions also.

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

Pension Liabilities

At June 30, 2015, the District reported a liability of \$100,986,711 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2013 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2014, the District's proportion was .45848 percent.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

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

For the year ended June 30, 2015, the District recognized pension expense of \$7,490,000. At June 30, 2015, the Reporting Unit 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
Changes of assumptions	\$ 3,726,411	\$ -
Net difference between projected and actual plan investment earnings	-	(11,163,905)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	(217)
Reporting Unit's contributions subsequent to the measurement date	7,441,779	-
	<u>\$ 11,168,190</u>	<u>\$ (11,164,122)</u>

\$7,441,779 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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 ended June 30,	Amount
2016	\$ (1,810,396)
2017	(1,810,396)
2018	(1,810,396)
2019	(2,006,523)

Actuarial Assumptions

Investment rate of return - 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation - 2.5%

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Mortality assumptions - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Male and Female Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. The final rates used include no margin for future mortality improvement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2014. An assumption experience study is performed every five years. The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2008 to September 30, 2013. As a result of this actuarial experience study, the actuarial assumptions were adjusted to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments - The rate was **8% (7% Pension Plus Plan)** net of investment and administrative expenses was determined using a 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment category</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Domestic Equity Pools	28.00%	4.80%
Alternate Investment Pools	18.00%	8.50%
International Equity	16.00%	6.10%
Fixed Income Pools	10.50%	1.50%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	15.50%	6.30%
Short Term Investment Pools	2.00%	(0.20%)
	<u>100.00%</u>	

*Long term rate of return does not include 2.5% inflation.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Discount rate - The discount rate used to measure the total pension liability was **8% (7% for Pension Plus Plan)**. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 net pension liability to changes in the discount rate

The following presents the Reporting Unit's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1% Lower (7.0%)	Discount rate (8.0%)	1% Higher (9.0%)
Reporting Unit's proportionate share of the net pension liability	<u>\$ 133,142,184</u>	<u>\$ 100,986,711</u>	<u>\$ 73,895,249</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2014 Comprehensive Annual Financial Report, available here: <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>.

WEST OTTAWA PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Concluded)

Benefit Provisions - Other Postemployment

Introduction

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, 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 health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Retiree Healthcare Reform of 2012

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 December 1, 2012.

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 will be deposited into their 401(k) accounts.

Employer Contributions

The District postemployment healthcare contributions to MPSERS for the year ended June 30, 2015 were approximately \$1,037,000.

WEST OTTAWA PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The District participates in the MASB-SEG Property Casualty Pool program. This program provides substantially all the insurance needs of the District, including property, general liability, automobile, and umbrella. The contributions made by the District fund the program at rates predicated on expected losses, excess insurance premium contribution, and administration costs, including appropriate state assessment. The members of the trust have contributed amounts sufficient to fund individual and aggregate losses of up to \$1,000,000 each, along with a \$5,000,000 umbrella coverage.

The District is insured for health benefits through the West Michigan Health Insurance Pool for certain employees of the District which includes medical coverage, of which hospitalization is a component, and prescription drug coverage. The pool pays the first \$100,000 of claims for every participant. The District has purchased excess insurance to cover claims exceeding this amount, both individually and in the aggregate.

The District is insured under the Michigan Workers Disability Compensation Act through the SEG Workers' Compensation Fund. The fund (risk-sharing pool) pays the first \$750,000 of any workers' compensation and \$1,000,000 employers' liability exposure.

The District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District. The District believes that any claims incurred but not reported would be insignificant.

NOTE 9 - TRANSFERS

The food service fund transferred \$205,000 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds. \$1,501,090 was transferred between the debt service funds as a result of the closeout of the 2005 debt service fund, and the payment required to be made to the bond escrow to defease the 2005 bonds..

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

WEST OTTAWA PUBLIC SCHOOLS **NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - NEW ACCOUNTING STANDARDS

For the year ended June 30, 2015, the District implemented the following new pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary:

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is as follows:

	Governmental activities
Net position as previously stated July 1, 2014	\$ 36,765,906
Adoption of GASB Statements 68 and 71	
Net pension liability	(107,430,180)
Deferred outflows	5,850,475
Net position as restated July 1, 2014	<u>\$ (64,813,799)</u>

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

REQUIRED SUPPLEMENTARY INFORMATION

WEST OTTAWA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local sources	\$ 11,010,000	\$ 11,177,000	\$ 11,183,264	\$ 6,264
State sources	47,407,000	49,179,000	49,235,858	56,858
Federal sources	2,854,000	2,715,000	2,728,324	13,324
Incoming transfers and other	5,315,000	5,138,000	5,195,761	57,761
Total revenues	66,586,000	68,209,000	68,343,207	134,207
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	37,886,000	39,080,000	39,079,926	74
Added needs	7,845,000	7,735,000	7,654,963	80,037
Total instruction	45,731,000	46,815,000	46,734,889	80,111
Supporting services:				
Pupil	3,426,000	3,615,000	3,608,641	6,359
Instructional staff	2,075,500	2,472,000	2,471,957	43
General administration	455,000	487,000	450,715	36,285
School administration	3,762,500	3,480,000	3,383,404	96,596
Business	593,000	560,000	551,582	8,418
Operation/maintenance	5,160,000	5,175,000	5,174,966	34
Pupil transportation	2,727,000	2,520,000	2,478,460	41,540
Central	1,653,000	1,095,000	1,094,908	92
Athletics	1,065,000	1,170,000	1,160,287	9,713
Total supporting services	20,917,000	20,574,000	20,374,920	199,080
Community services	338,000	320,000	316,322	3,678
Total expenditures	66,986,000	67,709,000	67,426,131	282,869
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(400,000)	500,000	917,076	417,076
OTHER FINANCING SOURCES (USES):				
Transfers in	225,000	200,000	205,000	5,000
Transfers out	(121,000)	(100,000)	(96,972)	3,028
Total other financing sources	104,000	100,000	108,028	8,028
NET CHANGE IN FUND BALANCE	<u>\$ (296,000)</u>	<u>\$ 600,000</u>	1,025,104	<u>\$ 425,104</u>
FUND BALANCE:				
Beginning of year			12,248,230	
End of year			<u>\$ 13,273,334</u>	

**WEST OTTAWA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FICAL YEARS (AMOUNTS WERE DETERMINED
AS OF 9/30 OF EACH FISCAL YEAR)**

	<u>2014</u>
Reporting unit's proportion of net pension liability (%)	0.45848%
Reporting unit's proportionate share of net pension liability	\$ 100,986,711
Reporting unit's covered-employee payroll	\$ 39,187,214
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	257.70%
Plan fiduciary net position as a percentage of total pension liability	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**WEST OTTAWA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED
AS OF 6/30 OF EACH FISCAL YEAR)**

	<u>2015</u>
Statutorily required contributions	\$ 8,086,710
Contributions in relation to statutorily required contributions	<u>8,086,710</u>
Contribution deficiency (excess)	<u>\$ -</u>
Reporting unit's covered-employee payroll	\$ 38,388,804
Contributions as a percentage of covered-employee payroll	21.07%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Changes of benefit terms: There were no changes of benefit terms.

Changes of assumptions: Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

ADDITIONAL SUPPLEMENTARY INFORMATION

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2015**

	<u>Special revenue</u> Food service	Debt service	Nonmajor capital projects	Total nonmajor funds
ASSETS				
ASSETS:				
Cash and cash equivalents	\$ 1,087,857	\$ 1,082,888	\$ 2,498,470	\$ 4,669,215
Accounts receivable	-	-	668	668
Property taxes receivable	-	16,955	656	17,611
Intergovernmental receivable	102,116	-	-	102,116
Due from other funds	19	100	14,445	14,564
Inventories	22,750	-	-	22,750
Prepays	10,795	-	-	10,795
	<u>10,795</u>	<u>-</u>	<u>-</u>	<u>10,795</u>
TOTAL ASSETS	<u><u>\$ 1,223,537</u></u>	<u><u>\$ 1,099,943</u></u>	<u><u>\$ 2,514,239</u></u>	<u><u>\$ 4,837,719</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 3,902	\$ -	\$ -	\$ 3,902
Accrued salaries and related items	8,938	-	-	8,938
Intergovernmental payable	-	7,009	273	7,282
Unearned revenue	45,718	-	-	45,718
	<u>45,718</u>	<u>-</u>	<u>-</u>	<u>45,718</u>
TOTAL LIABILITIES	<u>58,558</u>	<u>7,009</u>	<u>273</u>	<u>65,840</u>
FUND BALANCES:				
Nonspendable:				
Inventories	22,750	-	-	22,750
Prepays	10,795	-	-	10,795
Restricted	991,434	1,092,934	1,111,022	3,195,390
Assigned	140,000	-	1,402,944	1,542,944
	<u>140,000</u>	<u>-</u>	<u>1,402,944</u>	<u>1,542,944</u>
TOTAL FUND BALANCES	<u>1,164,979</u>	<u>1,092,934</u>	<u>2,513,966</u>	<u>4,771,879</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,223,537</u></u>	<u><u>\$ 1,099,943</u></u>	<u><u>\$ 2,514,239</u></u>	<u><u>\$ 4,837,719</u></u>

WEST OTTAWA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2015

	<u>Special revenue Food service</u>	<u>Debt service</u>	<u>Nonmajor capital projects</u>	<u>Total nonmajor funds</u>
REVENUES:				
Local sources:				
Property taxes	\$ -	\$ 14,973,120	\$ 578,595	\$ 15,551,715
Investment earnings	1,413	25,171	6,613	33,197
Food sales	1,027,290	-	-	1,027,290
Other	12,130	-	304,190	316,320
Total local sources	1,040,833	14,998,291	889,398	16,928,522
State sources	141,897	-	-	141,897
Federal sources	2,646,955	-	-	2,646,955
Total revenues	3,829,685	14,998,291	889,398	19,717,374
EXPENDITURES:				
Current:				
Food service activities	3,551,991	-	-	3,551,991
Capital outlay	158,339	-	-	158,339
Debt service:				
Principal repayment	-	6,807,728	-	6,807,728
Interest expense	-	8,101,745	-	8,101,745
Bond issuance costs	-	57,540	-	57,540
Other	-	4,150	-	4,150
Total expenditures	3,710,330	14,971,163	-	18,681,493
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	119,355	27,128	889,398	1,035,881
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	7,049	-	-	7,049
Refunding bonds issued	-	6,580,000	-	6,580,000
Payment to refunded bond escrow	-	(8,001,140)	-	(8,001,140)
Bond premium	-	469,680	-	469,680
Transfers in	-	1,501,090	-	1,501,090
Transfers out	(205,000)	(1,501,090)	-	(1,706,090)
Total other financing uses	(197,951)	(951,460)	-	(1,149,411)
NET CHANGE IN FUND BALANCES	(78,596)	(924,332)	889,398	(113,530)
FUND BALANCES:				
Beginning of year	1,243,575	2,017,266	1,624,568	4,885,409
End of year	\$ 1,164,979	\$ 1,092,934	\$ 2,513,966	\$ 4,771,879

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2015**

	<u>1992</u>	<u>2008 Refunding</u>	<u>2012A</u>	<u>2012B</u>	<u>2014</u>	<u>2015 Refunding</u>	<u>Total Debt Service</u>
ASSETS							
ASSETS:							
Cash and cash equivalents	\$ 181,399	\$ 36,732	\$ 112,639	\$ 168,423	\$ 101,992	\$ 481,703	\$ 1,082,888
Due from other funds	-	-	-	-	100	-	100
Property taxes receivable	<u>5,360</u>	<u>875</u>	<u>2,516</u>	<u>3,391</u>	<u>3,096</u>	<u>1,717</u>	<u>16,955</u>
TOTAL ASSETS	<u>\$ 186,759</u>	<u>\$ 37,607</u>	<u>\$ 115,155</u>	<u>\$ 171,814</u>	<u>\$ 105,188</u>	<u>\$ 483,420</u>	<u>\$ 1,099,943</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Intergovernmental payable	<u>\$ 1,999</u>	<u>\$ 502</u>	<u>\$ 1,917</u>	<u>\$ 1,492</u>	<u>\$ -</u>	<u>\$ 1,099</u>	<u>\$ 7,009</u>
FUND BALANCES:							
Restricted for debt service	<u>184,760</u>	<u>37,105</u>	<u>113,238</u>	<u>170,322</u>	<u>105,188</u>	<u>482,321</u>	<u>1,092,934</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 186,759</u>	<u>\$ 37,607</u>	<u>\$ 115,155</u>	<u>\$ 171,814</u>	<u>\$ 105,188</u>	<u>\$ 483,420</u>	<u>\$ 1,099,943</u>

WEST OTTAWA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	1992	2005	2008 Refunding	2012A	2012B	2014	2015 Refunding	Total Debt Service
REVENUES:								
Local sources:								
Property taxes	\$ 4,734,257	\$ 1,514,544	\$ 772,276	\$ 2,218,504	\$ 2,994,282	\$ 2,738,638	\$ 619	\$ 14,973,120
Interest	7,807	2,818	1,396	4,341	5,097	3,712	-	25,171
Total revenues	4,742,064	1,517,362	773,672	2,222,845	2,999,379	2,742,350	619	14,998,291
EXPENDITURES:								
Principal repayments	1,162,728	885,000	595,000	615,000	2,550,000	1,000,000	-	6,807,728
Interest expense	3,662,272	205,550	315,650	1,761,981	519,300	1,636,992	-	8,101,745
Bond issuance costs	-	-	-	-	-	-	57,540	57,540
Other	1,325	500	875	600	600	250	-	4,150
Total expenditures	4,826,325	1,091,050	911,525	2,377,581	3,069,900	2,637,242	57,540	14,971,163
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(84,261)	426,312	(137,853)	(154,736)	(70,521)	105,108	(56,921)	27,128
OTHER FINANCING SOURCES (USES):								
Refunding bonds issued	-	-	-	-	-	-	6,580,000	6,580,000
Payment to refunded bond escrow	-	-	-	-	-	-	(8,001,140)	(8,001,140)
Bond premium	-	-	-	-	-	-	469,680	469,680
Transfers in	-	-	-	5,801	4,507	80	1,490,702	1,501,090
Transfers out	(1,179)	(1,491,345)	(8,566)	-	-	-	-	(1,501,090)
Total other financing sources (uses)	(1,179)	(1,491,345)	(8,566)	5,801	4,507	80	539,242	(951,460)
NET CHANGE IN FUND BALANCES	(85,440)	(1,065,033)	(146,419)	(148,935)	(66,014)	105,188	482,321	(924,332)
FUND BALANCES:								
Beginning of year	270,200	1,065,033	183,524	262,173	236,336	-	-	2,017,266
End of year	\$ 184,760	\$ -	\$ 37,105	\$ 113,238	\$ 170,322	\$ 105,188	\$ 482,321	\$ 1,092,934

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total Nonmajor Capital Projects</u>
ASSETS			
ASSETS:			
Cash and cash equivalents	\$ 1,110,639	\$ 1,387,831	\$ 2,498,470
Accounts receivable	-	668	668
Due from other funds	-	14,445	14,445
Property taxes receivable	656	-	656
TOTAL ASSETS	<u>\$ 1,111,295</u>	<u>\$ 1,402,944</u>	<u>\$ 2,514,239</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Intergovernmental payable	<u>\$ 273</u>	<u>\$ -</u>	<u>\$ 273</u>
FUND BALANCES:			
Restricted	1,111,022	-	1,111,022
Assigned	<u>-</u>	<u>1,402,944</u>	<u>1,402,944</u>
TOTAL FUND BALANCES	<u>1,111,022</u>	<u>1,402,944</u>	<u>2,513,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,111,295</u>	<u>\$ 1,402,944</u>	<u>\$ 2,514,239</u>

WEST OTTAWA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total Nonmajor Capital Projects</u>
REVENUES:			
Property taxes	\$ 578,595	\$ -	\$ 578,595
Investment earnings	2,827	3,786	6,613
Other	<u>-</u>	<u>304,190</u>	<u>304,190</u>
Total revenues	581,422	307,976	889,398
EXCESS OF REVENUES OVER EXPENDITURES	581,422	307,976	889,398
FUND BALANCES:			
Beginning of year	<u>529,600</u>	<u>1,094,968</u>	<u>1,624,568</u>
End of year	<u><u>\$ 1,111,022</u></u>	<u><u>\$ 1,402,944</u></u>	<u><u>\$ 2,513,966</u></u>

WEST OTTAWA PUBLIC SCHOOLS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS:				
Cash	\$ 890,143	\$ 2,293,804	\$ 2,170,816	\$ 1,013,131
Investments	22,493	994	649	22,838
TOTAL ASSETS	\$ 912,636	\$ 2,294,798	\$ 2,171,465	\$ 1,035,969
LIABILITIES:				
Accounts payable	\$ 10,313	\$ 1,240,775	\$ 1,230,462	\$ -
Due to general fund	-	11,376	12,176	800
Due to student and other groups	902,323	2,264,453	2,397,299	1,035,169
TOTAL LIABILITIES	\$ 912,636	\$ 3,516,604	\$ 3,639,937	\$ 1,035,969

WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2015

1992 Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2016	6.40%	\$ 1,193,522	\$ 4,081,479	\$ -	\$ 5,275,001
2017	6.40%	1,222,650	4,532,350	-	5,755,000
2018	6.40%	1,246,750	5,003,250	-	6,250,000
2019	6.40%	1,268,957	5,506,042	-	6,774,999
2020	6.40%	1,286,416	6,028,583	-	7,314,999
Total 1992 bonded debt		<u>\$ 6,218,295</u>	<u>\$ 25,151,704</u>	<u>\$ -</u>	<u>\$ 31,369,999</u>

The above bonds dated September 29, 1992 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$51,425,000.

**WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2015**

2008 Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2016	4.00%	\$ 535,000	\$ 145,925	\$ 145,925	\$ 826,850
2017	4.00%	460,000	135,225	135,225	730,450
2018	4.00%	380,000	126,025	126,025	632,050
2019	4.00%	285,000	118,425	118,425	521,850
2020	4.00%	180,000	112,725	112,725	405,450
2021	4.00%	900,000	109,125	109,125	1,118,250
2022	4.00%	900,000	91,125	91,125	1,082,250
2023	4.00%	900,000	73,125	73,125	1,046,250
2024	4.00%	900,000	55,125	55,125	1,010,250
2025	4.13%	900,000	37,125	37,125	974,250
2026	4.13%	900,000	18,563	18,563	937,126
Total 2008 bonded debt		<u>\$ 7,240,000</u>	<u>\$ 1,022,513</u>	<u>\$ 1,022,513</u>	<u>\$ 9,285,026</u>

The above bonds dated March 24, 2008 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$9,975,000.

**WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2015**

2012 Series A Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2016	3.000%	\$ 455,000	\$ 871,766	\$ 871,765	\$ 2,198,531
2017	2.000%	245,000	864,941	864,940	1,974,881
2018		-	862,491	862,490	1,724,981
2019		-	862,491	862,490	1,724,981
2020		-	862,491	862,490	1,724,981
2021	5.000%	2,050,000	862,491	862,490	3,774,981
2022	5.000%	3,290,000	811,241	811,240	4,912,481
2023	5.000%	4,235,000	728,991	728,990	5,692,981
2024	5.000%	4,270,000	623,116	623,115	5,516,231
2025	5.000%	4,310,000	516,366	516,365	5,342,731
2026	5.000%	4,345,000	408,616	408,615	5,162,231
2027	3.500%	2,400,000	299,991	299,991	2,999,982
2028	3.625%	2,415,000	257,991	257,991	2,930,982
2029	3.750%	2,435,000	214,219	214,219	2,863,438
2030	3.750%	2,450,000	168,563	168,563	2,787,126
2031	5.000%	2,450,000	122,625	122,625	2,695,250
2032	5.000%	2,455,000	61,375	61,375	2,577,750
Total 2012 Series A bonded debt		<u>\$ 37,805,000</u>	<u>\$ 9,399,765</u>	<u>\$ 9,399,754</u>	<u>\$ 56,604,519</u>

The above bonds dated August 3, 2012 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$76,745,000.

WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2015

2012 Series B Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2016	4.00%	\$ 2,470,000	\$ 221,400	\$ 221,400	\$ 2,912,800
2017	4.00%	2,405,000	172,000	172,000	2,749,000
2018	4.00%	2,355,000	123,900	123,900	2,602,800
2019	5.00%	2,040,000	76,800	76,800	2,193,600
2020	3.00%	1,720,000	25,800	25,800	1,771,600
Total 2012 Series B bonded debt		<u>\$ 10,990,000</u>	<u>\$ 619,900</u>	<u>\$ 619,900</u>	<u>\$ 12,229,800</u>

The above bonds dated August 3, 2012 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$34,940,000.

WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2015

2014 Building and Site Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2016	3.000%	\$ 1,000,000	\$ 951,093	\$ 951,094	\$ 2,902,187
2017	5.000%	1,250,000	936,093	936,094	3,122,187
2018	5.000%	1,625,000	904,843	904,844	3,434,687
2019	5.000%	2,025,000	864,219	864,218	3,753,437
2020		-	813,593	813,594	1,627,187
2021	5.000%	3,775,000	813,593	813,594	5,402,187
2022	5.000%	3,775,000	719,218	719,219	5,213,437
2023	5.000%	1,225,000	624,843	624,844	2,474,687
2024	5.000%	1,275,000	594,219	594,219	2,463,438
2025	5.000%	1,325,000	562,344	562,344	2,449,688
2026	5.000%	1,375,000	529,219	529,219	2,433,438
2027	5.000%	1,425,000	494,844	494,844	2,414,688
2028	3.250%	1,475,000	459,219	459,219	2,393,438
2029	5.000%	1,525,000	435,250	435,250	2,395,500
2030	5.000%	1,575,000	397,125	397,125	2,369,250
2031	3.500%	1,625,000	357,750	357,750	2,340,500
2032	5.000%	1,675,000	329,313	329,313	2,333,626
2033	3.750%	1,750,000	287,438	287,438	2,324,876
2034	5.000%	1,825,000	254,625	254,625	2,334,250
2035	5.000%	1,900,000	209,000	209,000	2,318,000
2036	4.000%	1,950,000	161,500	161,500	2,273,000
2037	4.000%	2,000,000	122,500	122,500	2,245,000
2038	4.000%	2,050,000	82,500	82,500	2,215,000
2039	4.000%	2,075,000	41,500	41,500	2,158,000
Total 2014 bonded debt		<u>\$41,500,000</u>	<u>\$ 11,945,841</u>	<u>\$ 11,945,847</u>	<u>\$ 65,391,688</u>

The above bonds dated June 26, 2014 were issued for the purpose of school building and site. The amount of the original bond issue was \$42,500,000.

**WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2015**

2015 Refunding Bonds

<u>June 30,</u>	<u>Interest rate</u>	<u>Principal due May 1,</u>	<u>Interest due</u>		<u>Total due annually</u>
			<u>May 1</u>	<u>November 1</u>	
2016	3.00%	\$ 825,000	\$ 109,075	\$ 153,917	\$ 1,087,992
2017	4.00%	1,025,000	96,700	96,700	1,218,400
2018	4.00%	1,050,000	76,200	76,200	1,202,400
2019		-	55,200	55,200	110,400
2020	3.00%	1,000,000	55,200	55,200	1,110,400
2021	3.00%	2,000,000	40,200	40,200	2,080,400
2022	3.00%	680,000	10,200	10,200	700,400
Total 2015 bonded debt		<u>\$ 6,580,000</u>	<u>\$ 442,775</u>	<u>\$ 487,617</u>	<u>\$ 7,510,392</u>

The above bonds dated February 17, 2015 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$6,580,000.

**WEST OTTAWA PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION OVERVIEW
2014 - 2015**

The Statistical section contains a wide array of financial and other information that covers several years and reflects social, economic, and financial trends of the District and the area in which the District operates. This section is designed to give the reader a more thorough understanding of the District as a whole than is available in the basic financial statements taken in isolation. The schedules in this section are aggregated into various categories as noted below:

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the District's revenue generating capacity. It should be noted that school funding in Michigan is based on a per student "foundation" amount that is determined by the State of Michigan. Some of the amount determined by the state is raised locally through a millage on "Non-Principal Residence Exemption" property tax values. The state makes up the difference between what is raised locally and what is the state determined revenue amount due to our District. As such, the District's ability to generate unrestricted revenues via local property taxes is severely limited.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules present demographic and economic indicators to help the reader understand the economic environment within which the District operates..

OPERATING INFORMATION

These schedules contain data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Unless otherwise noted, the information in these schedules is derived from the audited annual financial reports for the relevant year. Certain other information had not been presented previously. The reported numbers begin with the year for which information believed to be accurate is available.

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FINANCIAL TRENDS

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Net Position by Component
2006 - 2015

					Fiscal
<i>Year ended June 30,</i>		2006	2007	2008	2009
Governmental Activities					
Net investment in capital assets	\$	(3,303,265)	\$ (5,581,249)	\$ (1,358,906)	\$ 433,894
Restricted		357,458	3,010,174	580,359	710,554
Unrestricted		15,216,704	14,365,099	13,015,298	14,333,024
Total Primary Government Net Position	\$	12,270,897	\$ 11,794,024	\$ 12,236,751	\$ 15,477,472

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Net Position by Component
2006 - 2015

Year									
		2010	2011	2012	2013	2014	2015		
\$	3,327,156	\$	5,870,709	\$	10,876,764	\$	14,641,571	\$	21,202,608
	740,805		913,636		1,492,434		2,241,731		2,250,471
	15,175,862		16,038,850		12,030,077		12,206,291		13,312,827
									(86,077,638)
\$	19,243,823	\$	22,823,195	\$	24,399,275	\$	29,089,593	\$	36,765,906
									(56,731,611)

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Expenses, Program Revenues and Net Expense
2006 - 2015

	Fiscal			
<i>Year ended June 30,</i>	2006	2007	2008	2009
Expenses				
Governmental Activities				
Instruction	\$ 43,235,821	\$ 46,138,816	\$ 46,984,919	\$ 44,932,232
Support services	23,351,040	23,815,596	22,065,223	21,703,756
Community services	2,010	18	813	29,242
Food services	2,690,864	2,758,977	2,755,262	2,726,874
Athletics	1,218,620	1,191,535	1,160,370	1,246,419
Child care	466,644	489,494	503,022	466,707
Outgoing transfers and other	-	-	-	-
Interest on long-term debt	7,834,451	7,743,926	7,113,691	7,054,106
Unallocated depreciation	3,062,743	4,443,108	4,506,722	4,477,541
Loss on disposition of assets	93,022	-	-	35,792
Total Expenses	81,955,215	86,581,470	85,090,022	82,672,669
Program Revenues				
Governmental Activities				
Charges for services:				
Instruction	-	-	-	-
Support services	838,027	744,248	632,310	761,817
Community services	-	-	-	-
Food services	1,359,287	1,297,753	1,280,122	1,260,965
Athletics	114,031	106,742	89,897	106,359
Child care services	526,430	505,034	498,239	442,652
Operating grants and contributions	13,056,252	14,115,949	14,547,546	18,340,534
Total Program Revenues	15,894,027	16,769,726	17,048,114	20,912,327
Net Expense	\$ (66,061,188)	\$ (69,811,744)	\$ (68,041,908)	\$ (61,760,342)

¹ Athletic revenue and Athletic expense are recorded in Support Services due to the implementation of GASB 54.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Expenses, Program Revenues and Net Expense
2006 - 2015

Year							
2010		2011		2012 ¹		2013 ¹	
2014 ¹		2015 ¹					
\$	44,981,418	\$	45,282,922	\$	45,638,324	\$	45,071,399
	21,859,267		22,800,189		21,896,188		20,657,796
	42,488		33,623		877,845		332,842
	2,898,720		3,026,866		3,309,239		3,302,496
	1,215,651		979,095		-		-
	415,474		442,618		-		-
	-		-		6,738		3,042
	6,893,207		6,716,136		6,333,589		6,048,141
	4,457,035		4,420,723		4,040,523		4,140,117
	-		776		-		-
	82,763,260		83,702,948		82,102,446		79,555,833
							78,593,186
							80,344,460
	-		-		-		-
	832,792		1,324,113		511,520		419,388
	-		-		472,395		29,947
	1,147,589		1,113,724		1,136,823		1,045,313
	102,057		-		-		-
	381,007		442,617		-		-
	19,843,075		20,084,722		10,457,728		11,879,532
	22,306,520		22,965,176		12,578,466		13,374,180
							14,431,864
							15,040,986
\$	(60,456,740)	\$	(60,737,772)	\$	(69,523,980)	\$	(66,181,653)
							(64,161,322)
							(65,303,474)

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
General Revenues and Total Change in Net Position
2006 - 2015

<i>Year ended June 30,2015</i>	Fiscal			
	2006	2007	2008	2009
Net Expense	\$ (66,061,188)	\$ (69,811,744)	\$ (68,041,908)	\$ (61,760,342)
General Revenues				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	12,382,831	13,338,957	13,765,083	12,330,124
Property taxes levied for debt service	12,465,170	12,427,020	12,936,401	12,581,136
Property taxes levied for repair & improvement	-	-	-	603,415
State sources	41,327,962	41,868,581	40,884,629	39,216,056
Intermediate sources	-	-	-	-
Unrestricted federal sources	-	-	-	-
Interest and investment earnings	1,081,197	1,185,408	898,522	270,332
Gain on sale of assets	-	514,905	-	-
Miscellaneous	-	-	-	-
Total General Revenues	67,257,160	69,334,871	68,484,635	65,001,063
Change in Net Position	1,195,972	(476,873)	442,727	3,240,721
Prior period adjustment or restatement	-	-	-	-
Net Position- Beginning of Year	11,074,925	12,270,897	11,794,024	12,236,751
Net Position- End of Year	\$ 12,270,897	\$ 11,794,024	\$ 12,236,751	\$ 15,477,472

¹ Net position was restated for fiscal year 2013 as of July 1, 2012 with the implementation of GASB Statements 63 and 65.

² Net position was restated for fiscal year 2015 as of July 1, 2014 with the implementation of GASB Statements 68 and 71.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
General Revenues and Total Change in Net Position
2006 - 2015

Year						
	2010	2011	2012	2013 ¹	2014	2015 ²
\$	(60,456,740)	\$ (60,737,772)	\$ (69,523,980)	\$ (66,181,653)	\$ (64,161,322)	\$ (65,303,474)
	12,601,987	11,402,935	10,677,549	10,564,165	10,534,974	10,841,989
	12,519,883	12,437,028	12,848,930	14,239,656	14,532,941	14,976,832
	603,734	568,587	550,079	549,866	561,406	578,595
	38,434,701	39,871,772	40,119,866	40,510,276	40,102,845	40,899,930
	-	-	6,484,970	5,501,414	5,621,831	5,195,761
	-	-	128,606	-	-	-
	62,786	36,822	23,231	42,596	43,930	542,258
	-	-	-	-	-	-
	-	-	266,829	229,134	439,708	350,297
	64,223,091	64,317,144	71,100,060	71,637,107	71,837,635	73,385,662
	3,766,351	3,579,372	1,576,080	5,455,454	7,676,313	8,082,188
	-	-	-	(765,136)	-	(101,579,705)
	15,477,472	19,243,823	22,823,195	24,399,275	29,089,593	36,765,906
\$	19,243,823	\$ 22,823,195	\$ 24,399,275	\$ 29,089,593	\$ 36,765,906	\$ (56,731,611)

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Fund Balances - Governmental Funds
2006 - 2015

	Fiscal			
<i>Year ended June 30, 2015</i>	2006	2007	2008	2009
General Fund				
Reserved	\$ 128,134	\$ 113,051	\$ 111,264	\$ 84,485
Unreserved	11,757,780	11,702,247	11,743,705	12,438,380
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	11,885,914	11,815,298	11,854,969	12,522,865
All Other Governmental Funds				
Reserved	36,727	35,072	29,780	33,025
Unreserved, reported in:				
Debt service fund	1,365,101	3,970,055	1,449,740	1,509,801
Capital projects fund	5,508,606	1,571,391	562,903	824,572
Special revenue fund	1,101,325	1,107,951	809,286	1,056,793
Nonspendable	-	-	-	-
Restricted for capital projects	-	-	-	-
Restricted for debt service	-	-	-	-
Restricted for food service	-	-	-	-
Restricted for child care	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	8,011,759	6,684,469	2,851,709	3,424,191
Total Fund Balances	\$ 19,897,673	\$ 18,499,767	\$ 14,706,678	\$ 15,947,056

¹ The District reclassified fund balance descriptions in the government fund statements beginning in fiscal year 2011 when it implemented GASB 54.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Fund Balances - Governmental Funds
2006 - 2015

Year											
		2010	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015 ¹				
\$	82,558	\$	-	\$	-	\$	-	\$	-		
	13,058,062		-		-		-		-		
	-		151,220		60,958		40,886		206,354		39,794
	-		-		3,389,000		1,606,000		296,000		1,410,000
	-		14,090,448		8,178,206		9,715,816		11,745,876		11,823,540
	13,140,620		14,241,668		11,628,164		11,362,702		12,248,230		13,273,334
	34,169		-		-		-		-		-
	1,492,132		-		-		-		-		-
	933,285		-		-		-		-		-
	1,151,041		-		-		-		-		-
	-		41,442		48,052		18,284		40,464		33,545
	-		564,768		217,452		395,948		46,594,256		45,171,998
	-		1,067,642		898,062		1,478,770		2,017,266		1,092,934
	-		1,159,201		1,057,791		897,154		1,101,611		991,434
	-		71,039		8,397		-		-		-
	-		308,660		478,298		1,000,636		1,196,468		1,542,944
	3,610,627		3,212,752		2,708,052		3,790,792		50,950,065		48,832,855
\$	16,751,247	\$	17,454,420	\$	14,336,216	\$	15,153,494	\$	63,198,295	\$	62,106,189

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Governmental Funds Revenues
2006 - 2015

<i>Year ended June 30, 2015</i>	Fiscal			
	2006	2007	2008	2009
Revenues				
Federal Sources				
Federal grants	\$ 2,924,166	\$ 3,045,829	\$ 3,219,588	\$ 5,914,391
Food service fund	1,206,149	1,271,752	1,467,499	1,708,843
Total federal sources	4,130,315	4,317,581	4,687,087	7,623,234
State Sources				
Restricted	4,240,792	4,574,197	4,515,988	4,840,345
Unrestricted	41,327,962	41,868,581	40,884,629	39,216,056
Total state sources	45,568,754	46,442,778	45,400,617	44,056,401
Other Governmental Units				
Ottawa Area ISD and other districts	4,895,147	5,482,345	5,536,545	6,179,152
Total other governmental units	4,895,147	5,482,345	5,536,545	6,179,152
Local Sources				
Property taxes	24,951,137	21,345,924	26,716,888	25,548,575
Food service fund	1,359,287	1,297,753	1,279,219	1,257,126
Athletic fund	114,031	106,724	89,897	106,359
Child care fund	526,430	505,034	498,239	442,072
Bond issuance	-	4,612,941	-	-
Interest and other income	751,646	970,753	898,474	270,332
Miscellaneous	957,576	1,087,212	420,031	532,674
Total local sources	28,660,107	29,926,341	29,902,748	28,157,138
Total Revenues	\$ 83,254,323	\$ 86,169,045	\$ 85,526,997	\$ 86,015,925

¹ Athletic revenue is recorded in Miscellaneous due to the implementation of GASB 54 in 2011.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Governmental Funds Revenues
2006 - 2015

Year											
2010		2011 ¹		2012 ¹		2013 ¹		2014 ¹		2015 ¹	
\$	6,609,890	\$	6,814,102	\$	3,517,192	\$	3,053,173	\$	2,950,098	\$	2,728,324
	2,021,008		2,148,222		2,192,108		2,425,094		2,476,803		2,646,955
	8,630,898		8,962,324		5,709,300		5,478,267		5,426,901		5,375,279
	4,748,114		4,528,252		5,032,571		6,482,987		7,715,570		8,477,825
	38,434,701		39,871,772		40,119,866		40,510,276		40,102,845		40,899,930
	43,182,815		44,400,024		45,152,437		46,993,263		47,818,415		49,377,755
	6,800,858		7,046,040		6,512,865		5,501,414		5,624,904		5,195,761
	6,800,858		7,046,040		6,512,865		5,501,414		5,624,904		5,195,761
	25,729,239		24,419,628		24,086,820		25,353,687		25,629,321		26,393,704
	1,144,447		1,105,562		1,582,488		1,071,682		1,049,624		1,027,290
	102,057		-		-		-		-		-
	381,007		442,617		-		-		-		-
	-		-		-		-		-		-
	62,786		36,823		18,231		42,596		40,576		484,416
	497,689		644,572		782,184		569,343		649,554		622,934
	27,917,225		26,649,202		26,469,723		27,037,308		27,369,075		28,528,344
\$	86,531,796	\$	87,057,590	\$	83,844,325	\$	85,010,252	\$	86,239,295	\$	88,477,139

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Governmental Funds Expenditures and Debt Service Ratio
2006 - 2015

					Fiscal
<i>Year ended June 30, 2015</i>	2006	2007	2008	2009	
Expenditures					
Instruction	\$ 42,735,215	\$ 44,872,721	\$ 46,203,077	\$ 44,970,221	
Pupil support services	3,389,954	3,410,287	3,069,674	3,111,378	
Instructional support services	2,765,662	2,533,487	2,291,012	2,279,272	
General administration	500,548	527,319	458,178	474,215	
School administration	3,775,652	3,776,980	3,629,825	3,844,542	
Business services	906,770	756,031	749,306	831,038	
Operations and maintenance	6,837,398	6,915,502	6,663,605	6,544,532	
Pupil transportation services	2,705,698	2,696,603	2,751,972	2,746,996	
Central support services	1,496,397	1,715,342	1,738,105	1,570,637	
Other support services	-	-	-	-	
Community services	2,010	18	813	29,242	
Food service	2,690,864	2,758,977	2,755,262	2,726,874	
Athletics	1,218,620	1,191,535	1,160,370	1,246,419	
Special education	587,649	586,230	-	-	
Child care	466,644	489,494	503,022	466,707	
Repair & improvement	-	-	-	744	
Capital outlay	10,319,445	2,654,636	2,078,573	1,254,580	
Debt service					
Principal	5,980,000	6,640,000	7,335,000	7,540,000	
Interest and other	6,265,941	6,041,807	5,340,408	5,138,150	
Total Expenditures	\$ 92,644,467	\$ 87,566,969	\$ 86,728,202	\$ 84,775,547	

Debt Service as a Percentage of Noncapital Expenditures	14.9%	14.9%	15.0%	15.2%
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¹ Athletic expenditures are recorded in Other Support Services due to the implementation of GASB 54 in 2011.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Governmental Funds Expenditures and Debt Service Ratio
2006 - 2015

Year									
2010		2011 ¹		2012 ¹		2013 ¹		2014 ¹	
\$	45,306,668	\$	45,282,922	\$	45,663,725	\$	45,041,645	\$	45,585,350
	3,359,839		3,422,480		3,173,393		3,522,959		3,364,906
	2,620,594		3,102,790		2,155,466		1,738,073		2,014,383
	468,738		504,355		483,323		420,083		449,041
	3,754,474		3,941,152		4,036,416		3,732,852		3,467,188
	820,230		747,092		733,471		596,879		579,158
	6,223,615		6,352,968		5,911,210		5,434,338		5,500,296
	2,798,074		3,036,915		4,051,102		3,239,750		2,483,522
	1,239,456		1,423,447		1,420,056		1,514,610		1,339,048
	-		979,095		1,145,113		1,134,074		1,254,638
	42,488		33,623		342,769		294,478		318,932
	2,898,720		3,026,866		3,309,241		3,357,104		3,314,534
	1,215,651		-		-		-		-
	-		-		-		-		-
	415,474		442,618		535,076		38,364		-
	-		-		-		-		-
	2,286,610		872,234		977,788		402,899		844,711
	7,750,000		6,150,473		6,155,907		7,486,519		7,576,096
	4,798,062		6,730,228		6,868,473		7,245,549		6,629,509
\$	85,998,693	\$	86,049,258	\$	86,962,529	\$	85,200,176	\$	84,721,312
	15.0%		15.1%		15.1%		17.4%		16.9%
									17.4%

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Other Financing Sources (Uses) and Net Change
in Fund Balances, Governmental Funds
2006 - 2015

					Fiscal
<i>Year ended June 30, 2015</i>	2006	2007	2008	2009	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (9,390,144)	\$ (1,397,924)	\$ (1,201,205)	\$	1,240,378
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	-
Refunding bonds issued	9,980,704	-	9,998,341	-	-
Cost of bond issuance	(133,054)	-	(160,931)	-	-
Premium on bonds issued	-	-	-	-	-
Payment to escrow agent	(10,674,650)	-	(12,429,394)	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Borrowings on capital lease obligation	-	-	-	-	-
Bus lease payments	-	-	-	-	-
Transfers in	1,430,542	4,371,690	1,531,678	1,471,163	
Transfers out	(1,430,542)	(4,371,690)	(1,531,678)	(1,471,163)	
Other	-	-	-	-	-
Total Other Financing Sources (Uses)	(827,000)	-	(2,591,984)	-	
Net Change in Fund Balances	\$ (10,217,144)	\$ (1,397,924)	\$ (3,793,189)	\$	1,240,378

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Other Financing Sources (Uses) and Net Change
in Fund Balances, Governmental Funds
2006 - 2015

Year						
	2010	2011	2012	2013	2014	2015
\$	533,103	\$ 1,008,332	\$ (3,118,204)	\$ (189,924)	\$ 1,517,983	\$ (50,723)
-	-	-	-	62,895,000	42,500,000	-
-	-	-	-	-	-	6,580,000
-	-	-	-	-	-	-
-	-	-	-	4,907,100	4,025,736	469,680
-	-	-	-	(66,751,890)	-	(8,001,140)
-	-	-	-	-	30,204	7,049
579,052	-	-	-	-	-	-
(307,964)	(305,159)	-	-	-	-	-
1,358,636	219,223	580,204	968,954	235,258	1,704,831	
(1,358,636)	(219,223)	(580,204)	(968,954)	(235,258)	(1,704,831)	
-	-	-	(43,008)	(29,122)	(96,972)	
271,088	(305,159)	-	1,007,202	46,526,818	(1,041,383)	
\$	804,191	\$ 703,173	\$ (3,118,204)	\$ 817,278	\$ 48,044,801	\$ (1,092,106)

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REVENUE & DEBT CAPACITY

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Taxable Value and Actual Value of Taxable Property
Fiscal Years 2005-2006 through 2014-2015
(rate per \$1,000 of assessed value)

<i>Tax Year</i>	Fiscal Year	Estimated Market Value	State Equalized Value
2005	2005-06	\$ 4,178,267,000	\$ 2,089,133,500
2006	2006-07	4,403,474,000	2,201,737,000
2007	2007-08	4,685,657,400	2,342,828,700
2008*	2008-09	4,760,142,600	2,380,071,300
2009	2009-10	4,589,396,600	2,294,698,300
2010	2010-11	4,272,112,000	2,136,056,000
2011	2011-12	4,032,048,200	2,016,024,100
2012	2012-13	3,957,015,600	1,978,507,800
2013	2013-14	4,067,634,800	2,033,817,400
2014	2014-15	4,269,466,600	2,134,733,300

*NOTE: Beginning in tax year 2008 Industrial Personal Property and Commercial Personal Property were recorded separately. The amounts are included in the Non-Homestead values.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Taxable Value and Actual Value of Taxable Property
Fiscal Years 2005-2006 through 2014-2015
(rate per \$1,000 of assessed value)

Taxable Value			District Tax Rates			
Non-Homestead Property	Homestead Property	Total	Operating	Debt	Other	Total
\$ 690,887,574	\$ 1,033,087,555	\$ 1,723,975,129	18.0000	7.0000	-	25.0000
731,717,117	1,096,340,214	1,828,057,331	18.0000	6.2500	0.3000	24.5500
762,326,095	1,153,002,007	1,915,328,102	18.0000	6.2500	0.3000	24.5500
774,461,836	1,177,078,962	1,951,540,798	18.0000	6.2500	0.3000	24.5500
772,422,037	1,166,448,909	1,938,870,946	18.0000	6.2107	0.3000	24.5107
709,413,149	1,132,889,419	1,842,302,568	18.0000	6.5628	0.3000	24.8628
671,185,346	1,115,235,875	1,786,421,221	18.0000	7.0000	0.3000	25.3000
666,187,869	1,089,773,132	1,755,961,001	18.0000	7.7500	0.3000	26.0500
705,645,508	1,116,634,032	1,822,279,540	18.0000	7.7500	0.3000	26.0500
727,444,233	1,151,042,806	1,878,487,039	18.0000	7.7500	0.3000	26.0500

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Direct and Overlapping Property Tax Rates
Fiscal Years 2005-2006 through 2014-2015
(rate per \$1,000 of assessed value)

District Tax Rates

<i>Tax Year</i>	Fiscal Year	Operating	Debt	Other	Total
2005	2005-06	18.0000	7.0000	-	25.0000
2006	2006-07	18.0000	6.2500	0.3000	24.5500
2007	2007-08	18.0000	6.2500	0.3000	24.5500
2008	2008-09	18.0000	6.2500	0.3000	24.5500
2009	2009-10	18.0000	6.2107	0.3000	24.5107
2010	2010-11	18.0000	6.5628	0.3000	24.8628
2011	2011-12	18.0000	7.0000	0.3000	25.3000
2012	2012-13	18.0000	7.7500	0.3000	26.0500
2013	2013-14	18.0000	7.7500	0.3000	26.0500
2014	2014-15	18.0000	7.7500	0.3000	26.0500

Source: Ottawa County Equalization Department and District records.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Direct and Overlapping Property Tax Rates
Fiscal Years 2005-2006 through 2014-2015
(rate per \$1,000 of assessed value)

Overlapping Rates

Port Sheldon Township	Holland Township	Park Township	Olive Township
1.3477	6.3000	3.9576	4.8710
1.3477	6.3000	3.9576	4.9544
1.3477	6.2000	3.9576	4.9753
1.3477	6.2000	4.0576	4.9784
1.3477	6.1000	4.0032	4.9784
1.4500	6.1000	3.8769	4.9784
1.4500	6.1000	3.8822	3.9784
1.4500	6.1000	3.8860	4.9784
1.4500	6.1000	3.8710	4.9784
1.4500	6.1000	4.3584	4.9784

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Principal Property Taxpayers,
Current Year and Nine Years Ago

<i>Year ended December 31,</i>			2014		
Taxpayer	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
Hoover Universal, Inc./PHC LLC	\$ 9,429,500	1	0.50%	\$ 19,390,500	\$ 28,820,000
Request Foods	21,928,500	2	1.17%	6,508,900	28,437,400
Gentex Corporation	-	3	0.00%	11,965,000	11,965,000
Consumers Energy	10,614,480	4	0.57%	-	10,614,480
Meijer/Goodwill	2,921,000	5	0.16%	7,189,000	10,110,000
Perrigo Michigan Holland	9,937,900	6	0.53%	-	9,937,900
Metal Flow Corp.	8,511,700	7	0.45%	1,111,800	9,623,500
Boar's Head Provisions	4,686,100	8	0.25%	4,803,700	9,489,800
Grandquest Realty LLC	8,961,200	9	0.48%	-	8,961,200
Geenen Dekock Prop. LLC	7,481,896	10	0.40%	-	7,481,896
Parke-Davis Co.	-		-	-	-
Donnelly Corp.	-		-	-	-
Westshore Properties LLC	-		-	-	-
Clearview Apartments	-		-	-	-
Occidental	-		-	-	-
Trendway Corporation	-		-	-	-
Beukema/Georgian/Hampton					
Total principal taxpayers	84,472,276		4.51%	\$ 50,968,900	\$ 135,441,176
Balance of valuations	1,793,767,274		95.49%		
Total Ad Valorem Valuation	\$ 1,878,239,550		100.00%		

*NOTE: District Annual Disclosure

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Principal Property Taxpayers,
Current Year and Nine Years Ago

2005					
Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value	
\$ 5,024,200	4	0.31%	\$ 6,372,050	\$	11,396,250
-		-	-		-
10,949,199	5	0.67%	-		10,949,199
-		-	-		-
-		-	-		-
-		-	-		-
-		-	-		-
-		-	-		-
15,111,468	3	0.93%	-		15,111,468
36,072,955	1	2.22%	8,299,737		44,372,692
9,613,750	2	0.59%	9,952,150		19,565,900
9,774,098	6	0.60%	-		9,774,098
8,930,510	7	0.55%	-		8,930,510
6,846,776	8	0.42%	-		6,846,776
5,144,042	9	0.31%	1,688,000		6,832,042
6,679,932	10	0.41%	-		6,679,932
114,146,930		7.01%	\$ 26,311,937	\$	140,458,867
1,513,968,748		92.99%			
\$ 1,628,115,678		100.00%			

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Property Tax Levies and Collections
Fiscal Years 2005-2006 through 2014-2015

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>Taxes Levied for the Fiscal Year</i>	<i>Collected within the Fiscal Year of the Levy</i>		<i>Collections (Refunds) in Subsequent Years</i>	<i>Total collections to Date</i>	
			<i>Amount</i>	<i>Percentage of Levy</i>		<i>Amount</i>	<i>Percentage of Levy</i>
2005	2005-06	\$ 12,490,655	\$ 12,118,123	97.02%	\$ 342,970	\$ 12,461,093	99.76%
2006	2006-07	13,253,738	12,592,774	95.01%	23,553	12,616,327	95.19%
2007	2007-08	13,925,671	13,305,587	95.55%	580,871	13,886,458	99.72%
2008	2008-09	12,322,455	11,660,306	94.63%	648,665	12,308,971	99.89%
2009	2009-10	12,533,130	12,053,562	96.17%	453,865	12,507,427	99.79%
2010	2010-11	11,629,367	11,367,633	97.75%	253,024	11,620,657	99.93%
2011	2011-12	10,840,605	10,385,789	95.80%	432,122	10,817,911	99.79%
2012	2012-13	10,615,218	10,405,544	98.02%	200,364	10,605,908	99.91%
2013	2013-14	10,629,122	10,448,946	98.30%	167,680	10,616,626	99.88%
2014	2014-15	10,875,503	10,720,796	98.58%	148,060	10,868,856	99.94%

*NOTE: District Annual Disclosure

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Outstanding Debt by Type
Fiscal Years 2005-2006 through 2014-2015

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>Outstanding Debt</i>	<i>Total Taxable Value</i>	<i>Outstanding Debt as a % of Taxable Value</i>	<i>Estimated Population</i>	<i>Outstanding Debt Per Capita</i>	<i>Taxable Value Per Capita</i>
2005	2005-06	\$ 138,315,018	\$ 1,723,975,129	8.02%	46,363	\$ 2,983	\$ 37,184
2006	2006-07	131,675,018	1,828,057,331	7.20%	46,768	2,815	39,088
2007	2007-08	122,200,018	1,915,328,102	6.38%	47,271	2,585	40,518
2008	2008-09	114,660,018	1,951,540,798	5.88%	47,643	2,407	40,961
2009	2009-10	106,910,018	1,938,870,946	5.51%	47,986	2,228	40,405
2010	2010-11	100,759,545	1,842,302,568	5.47%	48,164	2,092	38,251
2011	2011-12	94,603,939	1,786,421,221	5.30%	48,333	1,957	36,961
2012	2012-13	83,477,120	1,755,961,001	4.75%	48,758	1,712	36,014
2013	2013-14	118,401,024	1,822,279,540	6.50%	49,346	2,399	36,929
2014	2014-15	110,333,294	1,878,487,039	5.87%	49,964	2,208	37,597

Source: Ottawa County Equalization Department and District records.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Ratio of Outstanding Debt
Fiscal Years 2005-2006 through 2014-2015

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>Net General Bonded Debt</i>	<i>State Equalized Value (SEV)</i>	<i>Percent of Net Bonded Debt to State Equalized Value (SEV)</i>	<i>Percent of Bonded Debt to Estimated Actual Value of Taxable Property</i>	<i>Estimated Population ¹</i>	<i>Net General Bonded Debt per Capita</i>
2005	2005-06	\$ 138,315,018	\$ 2,089,133,500	6.62%	13.24%	46,363	\$ 2,983
2006	2006-07	131,675,018	2,201,737,000	5.98%	11.96%	46,768	2,815
2007	2007-08	122,200,018	2,342,828,700	5.22%	10.43%	47,271	2,585
2008	2008-09	114,660,018	2,380,071,300	4.82%	9.64%	47,643	2,407
2009	2009-10	106,910,018	2,294,698,300	4.66%	9.32%	47,986	2,228
2010	2010-11	100,759,545	2,136,056,000	4.72%	9.43%	48,164	2,092
2011	2011-12	94,603,939	2,016,024,100	4.69%	9.39%	48,333	1,957
2012	2012-13	83,477,120	1,978,507,800	4.22%	8.44%	48,758	1,712
2013	2013-14	118,401,024	2,033,817,400	5.82%	11.64%	49,346	2,399
2014	2014-15	110,333,294	2,134,733,300	5.17%	10.34%	49,964	2,208

¹ Estimated based on an extrapolation of the U.S. Census figures of the local units within the School District.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Direct and Overlapping Governmental Activities Debt
as of June 30, 2015

Year ended June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Holland Township	\$ 18,803,221	70.34%	\$ 13,226,186
Olive Township	696,727	44.55%	310,392
Park Township	2,715,881	88.51%	2,403,826
Port Sheldon Township	739,534	30.53%	225,780
Ottawa County	21,176,968	19.18%	4,061,742
Ottawa County ISD	4,040,000	16.68%	673,872
Subtotal, overlapping debt			<u>20,901,798</u>
District Direct Debt			<u>118,402,000</u>
Total Direct and Overlapping Debt			<u>\$ 139,303,798</u>

Source: Ottawa County Equalization Department and District records.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Legal Debt Margin Information
Fiscal Years 2005-2006 through 2014-2015

Legal Debt Margin Calculation for Fiscal Year 2014-15:

State Equalized Valuation (SEV), July 1, 2104	\$ 2,134,733,300
Statutory Debt Limit (15% of SEV)	320,209,995
Debt applicable to limit	110,333,294

Legal Debt Margin	\$ 209,876,701
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<i>Tax Year</i>	<i>Fiscal Year</i>	State Equalized Value (SEV)	Statutory Debt Limit 15% of SEV	Debt Subject to Debt Limit	Legal Debt Margin	Debt as a Percentage of Debt Limit
2005	2005-06	\$ 2,089,133,500	\$ 313,370,025	\$ 138,315,018	\$ 175,055,007	44.14%
2006	2006-07	2,201,737,000	330,260,550	131,675,018	198,585,532	39.87%
2007	2007-08	2,342,828,700	351,424,305	122,200,018	229,224,287	34.77%
2008	2008-09	2,380,071,300	357,010,695	114,660,018	242,350,677	32.12%
2009	2009-10	2,294,698,300	344,204,745	106,910,018	237,294,727	31.06%
2010	2010-11	2,136,056,000	320,408,400	100,759,545	219,648,855	31.45%
2011	2011-12	2,016,024,100	302,403,615	94,603,939	207,799,676	31.28%
2012	2012-13	1,978,507,800	296,776,170	83,477,120	213,299,050	28.13%
2013	2013-14	2,033,817,400	305,072,610	118,401,024	186,671,586	38.81%
2014	2014-15	2,134,733,300	320,209,995	110,333,294	209,876,701	34.46%

DEMOGRAPHIC & ECONOMIC INFORMATION

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
Demographic and Economic Statistics
Fiscal Years 2005-2006 through 2014-2015

<i>Tax Year</i>	<i>Fiscal Year</i>	Estimated Population	Unemployment ¹			Inflation Rate ²	Personal Income ³	
			City of Holland and Grand Haven	County of Ottawa	State of Michigan		Total (in thousands)	Per Capita
2005	2005-06	46,363	5.1%	5.1%	6.9%	3.4%	\$ 8,004,094	31,357
2006	2006-07	46,768	5.4%	5.4%	6.9%	2.5%	8,451,144	32,756
2007	2007-08	47,271	6.0%	6.0%	7.1%	4.1%	8,609,684	33,109
2008	2008-09	47,643	10.3%	10.3%	8.3%	0.1%	8,881,362	33,910
2009	2009-10	47,986	12.1%	12.1%	13.4%	2.7%	8,524,808	32,429
2010	2010-11	48,164	9.4%	9.4%	12.7%	1.5%	8,802,951	33,338
2011	2011-12	48,333	7.5%	7.5%	10.4%	3.0%	9,632,593	36,196
2012	2012-13	48,758	6.8%	6.8%	9.1%	1.7%	10,185,984	37,820
2013	2013-14	49,346	6.0%	6.0%	8.8%	1.5%	10,342,908	37,928
2014	2014-15	49,964	3.9%	3.9%	6.0%	1.6%	N/A	N/A

¹ Federal Reserve Economic Data

² U.S. Department of Labor - Bureau of Labor Statistics

³ U.S. Department of Commerce, Bureau of Economic Analysis and Grand Haven/ Holland Area. Total Personal Income reported in thousands.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
Principal Employers in West Michigan
Current Year and Nine Years Ago

<i>Year ended December 31,</i>				2014			2005		
Employer	Employees ¹	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Gentex Corporation	4,342	1	3.7%	2,246	4	1.9%			
Herman Miller	3,584	2	3.1%	4,261	1	3.7%			
Grand Valley State University ³	3,370	3	2.9%	2,413	3	2.1%			
Shape Corporation	2,037	4	1.8%	1,097	10	1.0%			
Haworth ²	1,840	5	1.6%	1,820	5	1.6%			
Johnson Controls ²	1,782	6	1.5%	3,937	2	3.4%			
Magna Mirrors ²	1,593	7	1.4%	-		0.0%			
Holland Hospital	1,538	8	1.3%	1,625	6	1.4%			
Meijer	1,445	9	1.2%	1,436	8	1.3%			
Grand Haven Public Schools	1,194	10	1.0%	-		0.0%			
Magna Donnelly	-		0.0%	1,470	7	1.3%			
County of Ottawa	-		0.0%	1,176	9	1.0%			
	<u>22,725</u>		<u>19.5%</u>	<u>21,481</u>		<u>18.7%</u>			

*NOTE: Ottawa County 2014 Audited Financial Statements. Total employment in 2014 was 116,231 and in 2005 was 114,726

¹ Excludes temporary employment agencies

² Facilities located within Ottawa County and/or the City of Holland portion of Allegan County

³ Non-student employees; also includes Grand Rapids & Muskegon

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic & Economic Information
Full-Time-Equivalent District Employees by Type
Fiscal Years 2005-2006 through 2014-2015

Full-Time- Equivalent Employees as of June 30,											
Employee Category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administrators	30	31	27	27	25	25	28	28	29	29	27
Teachers	492	493	484	469	465	451	439	439	442	424	425
Clerical/Secretarial	60	58	48	63	48	32	39	44	42	40	35
Food Service	70	71	53	57	67	75	67	58	50	59	61
Educational Assistants/Clerks	119	141	199	172	116	128	116	71	58	69	68
Paraprofessionals	15	10	17	16	15	14	13	-	-	-	-
Maintenance/Grounds/Custodians	59	58	40	68	61	61	52	34	29	22	22
Bus Drivers/Mechanics	64	69	68	70	73	76	68	61	63	68	66
Data/Technology Services	8	8	10	9	9	8	6	5	5	5	4
Child Care	26	25	18	28	18	19	16	-	-	-	-
Security/Other	-	-	-	-	-	-	-	9	9	9	8
Total	943	964	964	979	897	889	844	749	727	725	716

*NOTE: District Annual Disclosure

OPERATIONAL INFORMATION

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Operational Information
Operating Statistics
Fiscal Years 2005-2006 through 2014-2015

Fiscal Year	Enrollment ¹	Percent Change	Operating Expenditures ²	Percent Change	Cost Per Pupil	Percent Change	Percent of Students Receiving Free or Reduced-Price Meals ³
2005-06	8,079	-0.10%	\$ 65,773,190	5.73%	\$ 8,141	5.84%	33.75%
2006-07	7,966	-1.40%	67,514,399	2.65%	8,475	4.10%	40.00%
2007-08	7,799	-2.10%	67,957,285	0.66%	8,714	2.82%	40.65%
2008-09	7,643	-2.00%	67,257,576	-1.03%	8,800	0.99%	47.49%
2009-10	7,624	-0.25%	68,371,275	1.66%	8,968	1.91%	48.78%
2010-11	7,491	-1.75%	69,007,592	0.93%	9,212	2.72%	54.15%
2011-12	7,435	-0.74%	69,116,044	0.16%	9,296	0.91%	54.09%
2012-13	7,391	-0.59%	66,669,741	-3.54%	9,020	-2.97%	55.00%
2013-14	7,240	-2.04%	66,356,462	-0.47%	9,165	1.61%	54.37%
2014-15	7,126	-1.58%	67,426,131	1.61%	9,462	3.20%	54.29%

¹ Blended count on State Aid Status Reports.

² Audited Financial Statements.

³ State of Michigan Center for Educational Performance and Information (CEPI).

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Operational Information
School Building Information
June 30, 2015

Year ended June 30, 2015

Site	Grade Configuration	Acreage	Date Originally Constructed	Additions	Square Feet
Glerum Elementary	K-5	17.14	1953	1973,1992,1997	34,148
Great Lakes Elementary	K-5	177.90	1998		67,098
Lakeshore Elementary	K-5	25.25	1993		68,500
Lakewood Elementary	K-5	12.21	1916*	1955,1962,1983,1988,1992	64,873
North Holland Elementary	K-5	15.30	1965	1992,1997	35,000
Pine Creek Elementary	K-5	156.51	1989		68,500
Sheldon Woods Elementary	K-5	21.23	1965	1992,2004	35,000
Woodside Elementary	K-5	10.39	1965	1986,1992	70,655
Waukazoo Elementary	K-5	17.86	1917,1937*	1956,1988,1991	66,800
Harbor Lights Middle	6-8	156.51	1961	1977,1988,1990,1997	246,300
Macatawa Bay Middle	6-8	156.51	1972	1992,1993,1997	212,868
North High School	9-12	177.90	2005		335,000
South High School	9-12	177.90	1999		247,000
Buildings and Grounds	N/A	N/A	1997		5,050
Administration Building	N/A	N/A	2000		12,428
Transportation	N/A	N/A	1971	1976,1981,1982,1985	20,231

*NOTE: Demolished

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WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2014	Prior year expenditures (memo only)	Adjustments and transfers	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2015
<u>U.S. Department of Agriculture:</u>									
Passed through Michigan Department of Education:									
Child Nutrition Cluster:									
Non-Cash Assistance (Commodities):									
Entitlement Commodities	10.555		\$ 203,448	\$ -	\$ -	\$ -	\$ 203,448	\$ 203,448	\$ -
Non-Cash Assistance Subtotal			203,448	-	-	-	203,448	203,448	-
Cash Assistance:									
National School Breakfast Program	10.553	151970	529,251	-	-	-	529,251	511,262	17,989
National School Breakfast Program	10.553	141970	446,467	13,133	373,239	-	73,228	86,361	-
			975,718	13,133	373,239	-	602,479	597,623	17,989
National School Lunch Program - Free & Reduced	10.555	151960	1,484,121	-	-	-	1,484,121	1,444,476	39,645
National School Lunch Program - Free & Reduced	10.555	141960	1,693,627	39,706	1,470,129	-	223,498	263,204	-
			3,177,748	39,706	1,470,129	-	1,707,619	1,707,680	39,645
National School Lunch Program - Afterschool Snack	10.555	151980	3,175	-	-	-	3,175	3,157	18
National School Lunch Program - Afterschool Snack	10.555	141980	2,380	28	2,289	-	91	119	-
			5,555	28	2,289	-	3,266	3,276	18
Summer Food Service Program	10.559	140900/1431900	71,293	-	-	-	71,293	49,218	22,075
Summer Food Service Program	10.559	130900/131900	50,221	12,522	50,221	-	-	12,522	-
			121,514	12,522	50,221	-	71,293	61,740	22,075
Cash Assistance Subtotal			4,280,535	65,389	1,895,878	-	2,384,657	2,370,319	79,727
Total Child Nutrition Cluster			4,483,983	65,389	1,895,878	-	2,588,105	2,573,767	79,727
Child and Adult Care Food Program	10.558	152010/151920	53,589	-	-	-	53,589	53,589	-
Child and Adult Care Food Program	10.558	142010/141920	5,261	-	-	-	5,261	5,261	-
			58,850	-	-	-	58,850	58,850	-
Total U.S. Department of Agriculture			4,542,833	65,389	1,895,878	-	2,646,955	2,632,617	79,727

WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2014	Prior year expenditures (memo only)	Adjustments and transfers	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2015
<u>U.S. Department of Education:</u>									
Passed through Michigan Department of Education:									
Title IA - Improving Basic Instruction	84.010	151530-1415	\$ 1,119,512	\$ -	\$ -	\$ -	\$ 918,376	\$ 775,069	\$ 143,307
Title IA - Improving Basic Instruction	84.010	141530-1314	1,046,460	161,024	1,025,728	322	-	161,346	-
			2,165,972	161,024	1,025,728	322	918,376	936,415	143,307
Title IC - Migrant Education (School Year)	84.011	151890-1415	206,602	-	-	-	180,376	160,835	19,541
Title IC - Migrant Education (School Year)	84.011	141890-1314	171,805	17,380	44,974	-	-	17,380	-
Title IC - Migrant Education (Summer)	84.011A	151830-1415	229,295	-	-	-	44,907	-	44,907
Title IC - Migrant Education (Summer)	84.011A	141830-1314	216,590	64,141	190,662	-	131,786	195,927	-
			824,292	81,521	235,636	-	357,069	374,142	64,448
Title IIA - Teacher/Principal Training & Recruiting	84.367	150520-1415	267,726	-	-	-	129,346	126,634	2,712
Title IIA - Teacher/Principal Training & Recruiting	84.367	140520-1314	277,425	3,104	165,837	-	-	3,104	-
			545,151	3,104	165,837	-	129,346	129,738	2,712
Title III - English Language Acquisition	84.365A	150590-1415	166,758	-	-	-	101,283	100,291	992
Title III - English Language Acquisition	84.365A	140590-1314	149,144	12,173	140,364	-	-	12,173	-
			315,902	12,173	140,364	-	101,283	112,464	992
Total passed through Michigan Department of Education			3,851,317	257,822	1,567,565	322	1,506,074	1,552,759	211,459

WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2014	Prior year expenditures (memo only)	Adjustments and transfers	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2015
<u>U.S. Department of Education (Concluded):</u>									
Passed through Ottawa Area Intermediate School District (OAISD):									
Special Education Cluster:									
I.D.E.A. - Flow Through	84.027A	150450-1415	\$ 1,175,845	\$ -	\$ -	\$ -	\$ 1,175,845	\$ 661,074	\$ 514,771
I.D.E.A. - Flow Through	84.027A	140450-1314	1,201,056	500,541	1,201,056	-	-	500,541	-
			2,376,901	500,541	1,201,056	-	1,175,845	1,161,615	514,771
I.D.E.A. - Preschool	84.173A	150460-1415	38,755	-	-	-	38,755	24,168	14,587
I.D.E.A. - Preschool	84.173A	140460-1314	37,963	15,879	37,963	-	-	15,879	-
			76,718	15,879	37,963	-	38,755	40,047	14,587
Total Special Education Cluster			2,453,619	516,420	1,239,019	-	1,214,600	1,201,662	529,358
Homeless Students' Assistance	84.196A	152320-1415	1,155	-	-	-	1,155	1,129	26
Homeless Students' Assistance	84.196A	142320-1314	1,870	-	1,858	-	5	5	-
			3,025	-	1,858	-	1,160	1,134	26
Total passed through Ottawa Area Intermediate School District			2,456,644	516,420	1,240,877	-	1,215,760	1,202,796	529,384
Total U.S. Department of Education			6,307,961	774,242	2,808,442	322	2,721,834	2,755,555	740,843
<u>U.S. Department of Health and Human Services:</u>									
Passed through Ottawa Area Intermediate School District (OAISD):									
School Based Medicaid	93.778	1415 Program	6,490	-	-	-	6,490	6,490	-
TOTAL FEDERAL AWARDS			\$ 10,857,284	\$ 839,631	\$ 4,704,320	\$ 322	\$ 5,375,279	\$ 5,394,662	\$ 820,570

WEST OTTAWA PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of West Ottawa Public Schools under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of West Ottawa Public Schools, it is not intended to and does not present the financial position or changes in net position of West Ottawa Public Schools.
2. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.
3. Child Nutrition Cluster (CFDA #10.553, 10.555, and 10.559) was audited as a major program, representing 48% of expenditures. The District qualified as a low risk auditee.
4. The threshold for distinguishing Type A and Type B programs was \$300,000.
5. Management has utilized the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards.
6. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 2,728,324
Other nonmajor governmental fund	<u>2,646,955</u>
Total federal revenue per financial statements	<u><u>\$ 5,375,279</u></u>

**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
West Ottawa Public Schools

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Ottawa Public Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the West Ottawa Public Schools' basic financial statements and have issued our report thereon dated October 26, 2015

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Ottawa Public Schools' 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 West Ottawa Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the West Ottawa Public Schools' 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 West Ottawa Public Schools' financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

October 26, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
West Ottawa Public Schools

Report on Compliance for Each Major Federal Program

We have audited West Ottawa Public Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Ottawa Public Schools' major federal programs for the year ended June 30, 2015. West Ottawa Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of West Ottawa Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Ottawa Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of West Ottawa Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, West Ottawa Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of West Ottawa Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Ottawa Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Ottawa Public Schools' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Manes Costeian PC

October 26, 2015

**WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

➤ Material weakness(es) identified ? _____ Yes X No

➤ Significant deficiency(ies) identified ? _____ Yes X No

Noncompliance material to financial statements _____ Yes X No

Federal Awards

Internal control over major programs:

➤ Material weakness(es) identified ? _____ Yes X No

➤ Significant deficiency(ies) identified ? _____ Yes X No

Type of auditor's report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, & 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A
and type B programs:

 \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

There were no audit findings required to be reported on this schedule for the year ended June 30, 2014.



Preparing Students to be College, Career and Life Ready.

Mission Statement

West Ottawa Public Schools,
a caring community,
challenging and inspiring
students to learn and
succeed in a diverse world.

Belief Statement

As the heart of our community,
West Ottawa Public Schools...

- Delivers quality and challenging programs
- Motivates students to succeed
- Honors diversity
- Inspires change
- Ensures a safe and secure environment

Board Goals

- Increase student achievement for all students as measured by the accountability scorecard
- Attract and retain students and staff as measured by retention rates
- Efficient and effective use of district resources
 - Beating the county per pupil average in all major non-instructional expense areas
 - Maintaining a fund balance of 15% of the annual expense in the General and Food Service Funds