

# **WEST OTTAWA PUBLIC SCHOOLS**

**Holland, Michigan**

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended  
JUNE 30, 2016**

**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, 2016**

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

West Ottawa Public Schools

1138- 136<sup>th</sup> Avenue Holland, MI 49424

Phone: (616)-738-5700 Fax: (616)-738-5791

www.westottawa.net

Superintendent  
Tom Martin

Assistant Superintendent Business Services  
Jim English

Assistant Superintendent Employee Relations  
Greg Warsen

Assistant Superintendent Student Services  
Jeri Page

September 30, 2016

The Board of Education  
West Ottawa Public Schools  
1138 136<sup>th</sup> 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, 2016. The CAFR is divided into three sections: introductory section, financial section and statistical section. The introductory section included 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 eleven years ago with more than 8,000 students and has been slowly declining ever since to the current level of 6,960 students. The projected enrollment for the 2016-17 fiscal year is 6,814. There are currently eight elementary schools (pre-kindergarten through 5<sup>th</sup> grade), two middle schools (6<sup>th</sup>-8<sup>th</sup> grades), and one high school (9<sup>th</sup>-12<sup>th</sup> grades). The buildings range in age from 11 to 63 years.

### *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 9<sup>th</sup> 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 High School also offers a rigorous 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 adopts an annual appropriated budget for its general fund, its food service fund, and its repair and improvement fund. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and two special revenue funds. Other funds do not have appropriated budgets. 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 (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

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.

### *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 four years.

The District is reliant upon the State of Michigan for the vast majority of its funding which is appropriated annually by the Michigan legislature working with the executive branch of State government. It is difficult in this environment to develop a long-term operating plan as the State budget is subject to the whims of changes in elected officials and an overall unwillingness to increase State taxes. Nonetheless the District has developed a long-term facility and technology plan with the money approved by voters in the 2014 bond. Operationally the District spends about 85% of its resources on employees and adjusts staffing annually to work within the financial resources available.

### *Certificate of Excellence*

The District is applying for the Certificate of Excellence for the second time in its history in order to demonstrate its transparency to the community which has entrusted it with an unprecedented investment in its schools with the passage of the 2014 bond proposal. The District was awarded its first Certificate of Excellence for the 2014-2015 financial statements.

*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,



Thomas K. Martin  
Superintendent of Schools



James English  
Assistant Superintendent  
for Business Services

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

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**2016 Board of Education**

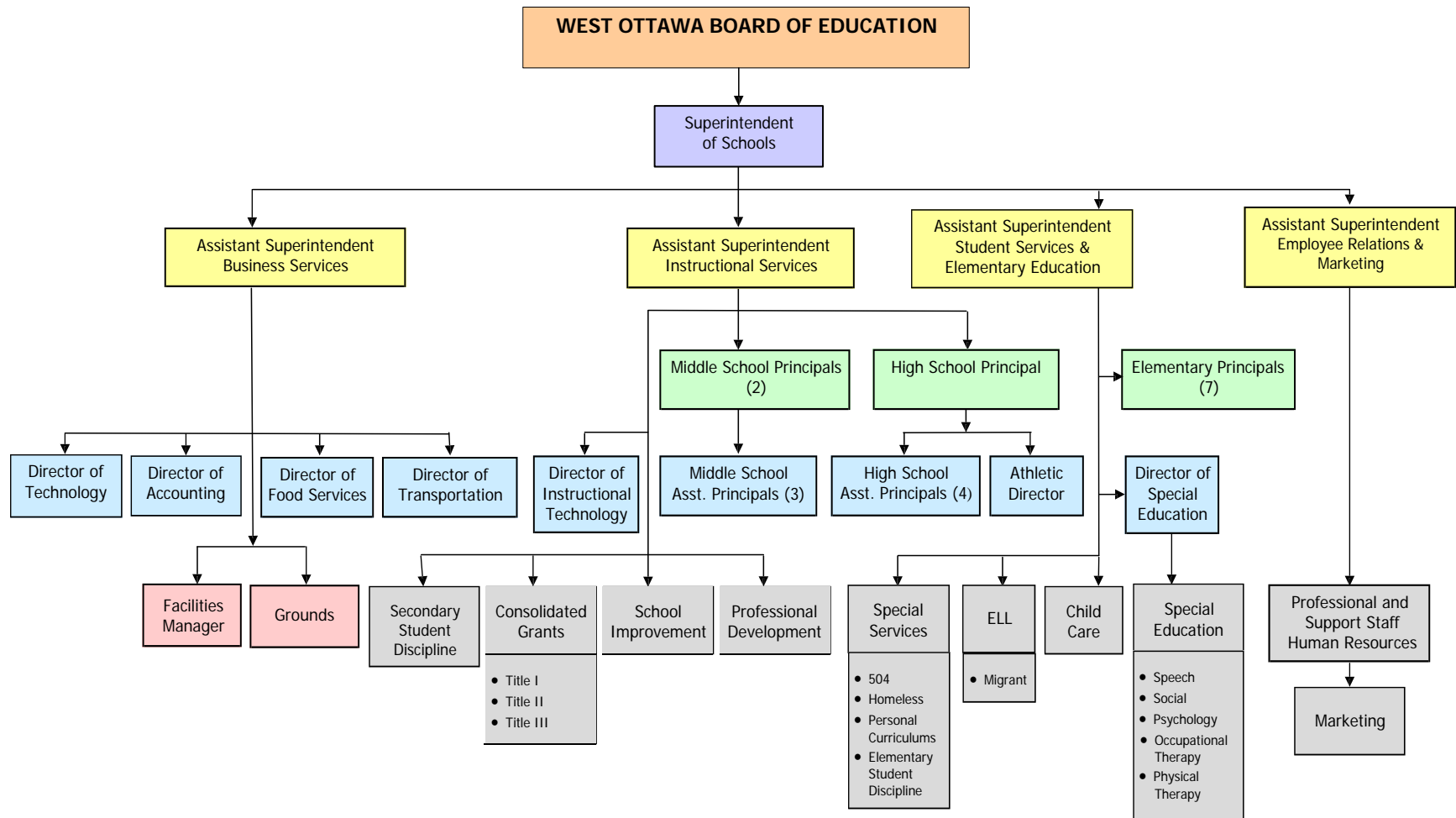
President	Phil Perkins
Vice President	Lynn Rutan
Secretary	Kate McCoy
Trustee	Darrin Duisttermars
Trustee	Mary Remenschneider
Trustee	Sue McKanna
Trustee	Randy Schipper

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

**2015 - 2016 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 Instruction and Student Services	Jeri Page

**WEST OTTAWA PUBLIC SCHOOLS  
ADMINISTRATIVE ORGANIZATIONAL CHART**





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award  
is presented to**

**West Ottawa Public Schools**

**For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2015**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director

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## 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, 2016, 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, 2016, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the supplementary pension disclosures, 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, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional supplementary information and the schedule of expenditures of federal awards are 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 and the schedule of expenditures of federal awards have 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 and the schedule of expenditures of federal awards are 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 September 30, 2016 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*

September 30, 2016

## **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, 2016.

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

### **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, 2016 and 2015.

Table 1 West Ottawa Public Schools Net Position (in Millions)			
	2016	2015	Change
Current assets	\$ 65.78	\$ 70.61	\$ (4.83)
Capital assets, net	126.96	121.70	5.26
Total assets	192.74	192.31	0.43
Deferred outflow of resources	13.27	11.17	2.10
Long-term liabilities outstanding	127.40	137.32	(9.92)
Other liabilities	12.52	10.38	2.14
Net pension liability	112.89	100.99	11.90
Total liabilities	252.81	248.69	4.12
Deferred inflows of resources	3.81	11.52	(7.71)
Net position:			
Net investment in capital assets	34.55	28.23	6.32
Restricted	1.25	1.11	0.14
Unrestricted	(86.41)	(86.07)	(0.34)
Total net position	\$ (50.61)	\$ (56.73)	\$ 6.12

The District's combined net position at the beginning of the fiscal year was (\$56,731,611) and on June 30, 2016 it was (\$50,613,080) which represents an increase of \$6,118,531 as recorded in the statement of activities.

The increase in Net Position of the District from the restated previous year amount can primarily be attributed to the District paying down principal on long-term debt.

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

### *Capital Assets*

At June 30, 2016, the District had invested over \$206 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 \$79.8 million as of June 30, 2016.

Table 2 West Ottawa Public Schools' Capital Assets				
	2016			2015
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 6,129,748	\$ -	\$ 6,129,748	\$ 6,050,248
Construction in progress	6,156,057	-	6,156,057	1,820,222
Buildings and improvements	177,357,572	66,996,014	110,361,558	109,909,634
Furniture and equipment	11,900,839	9,449,569	2,451,270	2,012,274
Buses and other vehicles	5,204,898	3,343,038	1,861,860	1,910,381
Total	<u>\$ 206,749,114</u>	<u>\$ 79,788,621</u>	<u>\$ 126,960,493</u>	<u>\$ 121,702,759</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, 2016, the District had approximately \$127 million in long-term obligations outstanding. This represents a decrease of approximately \$10 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.

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, 2016 and 2015, the results of operations, on a district-wide basis were:

	2016	2015	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,184,784	\$ 1,187,882	\$ (3,098)
Operating grants and contributions	13,200,958	13,853,104	(652,146)
General revenues:			
Property taxes	27,347,539	26,393,704	953,835
Investment earnings	354,031	484,416	(130,385)
State aid - unrestricted	39,589,543	40,899,930	(1,310,387)
Intermediate sources	5,084,906	5,195,761	(110,855)
Other	766,481	411,851	354,630
Total revenues	87,528,242	88,426,648	(898,406)
Expenses:			
Instruction	48,231,758	46,521,013	1,710,745
Support services	20,069,557	19,682,129	387,428
Community services	300,021	316,322	(16,301)
Food services	3,489,817	3,534,078	(44,261)
Outgoing transfers and other transactions	3,225	4,150	(925)
Interest on long-term debt	5,396,764	6,306,720	(909,956)
Unallocated depreciation	3,918,569	3,980,048	(61,479)
Total expenses	81,409,711	80,344,460	1,065,251
Change in net position	6,118,531	8,082,188	(1,963,657)
Net position, beginning of year	(56,731,611)	(64,813,799)	8,082,188
Net position, end of year	\$ (50,613,080)	\$ (56,731,611)	\$ 6,118,531

In most of the above categories, the differences between the 2014-2015 fiscal year and the 2015-2016 fiscal year (change) would generally be considered well within the normal range. One notable changes in revenue was the growth in property tax collections due to a rebound in the local real estate market and some investment in new commercial and industrial buildings within the District's boundaries. State aid revenues and operating grant revenues were both down in 2015-2016 due to declining student enrollment and decreased federal grant allocations, respectively.

On the expense side, an increase in Instruction expenses is related to the continued effort to spend more money on teaching and learning and less on operating expenses outside of the classroom. The sizeable decrease in interest expense is related to the refunding of the 2005 debt in 2015 as well as the retirement of some debt in the prior year.

## 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 (2015) count and 10% of the prior year's February (2015) count. The state per-pupil allocation was \$7,126 for 2014-2015 and increased by \$265 per pupil for 2015-2016 to \$7,391 per pupil. This increase was partially offset by the elimination of several State categorical funds after 2014-2015 so the net increase was less than \$265 per pupil.

### *Student Enrollment*

The District's enrollment for the fall count of 2016-2017 was 6,960 students. This is a decrease of 166 students or 2.3% 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 October 1 to September 1 did cause a drop of about 30 kindergarten students as less students were eligible to attend kindergarten under the revised law. Historical data is included below.

<u>Year</u>	<u>Enrollment</u>	<u>Change from Prior Year</u>
Fall 2015	6,960	-166
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

### *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 2015-2016 fiscal year, the District's net property tax revenues for general purposes were \$11,228,825. This was an increase of 3.6% from the prior year as property values began 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 \$15,731,762.

West Ottawa Public Schools levied a 0.2997 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 \$598,985.

### *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, consistent with the prior year, with benefit costs up by approximately \$900,000 and equal to approximately \$23.9 million for the fiscal year. The total health benefit costs for 2015-2016 were about \$5.6 million, down approximately \$115,000 from the prior year. The District contributed around \$14.4 million toward employees' pension and other postemployment benefits, an increase of 7.3% over 2014-2015. The remaining benefits consisted of employer contributions toward social security, Medicare, and worker's compensation. Wage and benefit costs were equal to approximately 75% of all expenditures when long-term debt expenses are excluded (from total expenditures).

### **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 2015-2016 fiscal year, the District amended the general fund budget, with the Board adopting the final changes in June 2016. 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
<b>Total revenues and other financing sources</b>	<u>\$ 68,630,000</u>	<u>\$ 69,875,000</u>	<u>\$ 69,936,805</u>	<u>\$ 61,805</u>	0.09%
<b>Expenditures and other financing uses</b>					
Instruction	\$ 47,890,000	\$ 48,820,000	\$ 48,351,220	\$ 468,780	0.96%
Support services	21,705,000	21,020,000	20,789,455	230,545	1.10%
Community services	315,000	310,000	300,021	9,979	3.22%
Other financing uses	<u>130,000</u>	<u>525,000</u>	<u>517,990</u>	<u>7,010</u>	1.34%
<b>Total expenditures and other financing uses</b>	<u>\$ 70,040,000</u>	<u>\$ 70,675,000</u>	<u>\$ 69,958,686</u>	<u>\$ 716,314</u>	1.01%

The actual revenues and other financing sources for the general fund were about \$69.9 million. This is above the final amended budget by \$61,805 or 0.09%. The actual general fund expenditures and other financing uses were \$69.9 million. This is below the final amended budget amount by 1.01%. The variances are near 1% and are not significant.

## Analysis of Financial Position

The District had a general fund decrease of approximately \$22,000 in 2015-2016. This break-even result reflects staffing and compensation levels that are appropriately sized for the current student enrollment with expenditures virtually matching revenues.

The accumulated fund balance is 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.

As the District completed this year, the governmental funds reported a combined fund balance of \$54.7 million, this was a decrease of \$7.4 million from the prior year. The primary reason for this decrease was due to a significant increase in construction project expenditures out of the 2014 Capital projects fund. The installation of geothermal wells, new phone system, site improvements at both the Middle School campus and Waukazoo Elementary are all significant factors to the District's bond related projects in 2015-16. The changes by major and nonmajor funds are as follows:

	<b>General Fund</b>	<b>2014 Capital projects fund</b>	<b>Total nonmajor funds</b>	<b>Total governmental funds</b>
<b>FUND BALANCE</b>				
Beginning of year	\$ 13,273,334	\$ 44,060,976	\$ 4,771,879	\$ 62,106,189
Increase (decrease)	(21,881)	(8,959,414)	1,624,041	(7,357,254)
<b>End of year</b>	<b>\$ 13,251,453</b>	<b>\$ 35,101,562</b>	<b>\$ 6,395,920</b>	<b>\$ 54,748,935</b>

## 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 plan to remove approximately \$500 million designated for K-12 funding to give it to higher education institutions and community colleges in 2016-2017. This is almost a \$100 million increase in diverted K-12 funds over the prior year amount of \$400 million. 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 infrastructure and road repairs based on problems across the State and specifically problems with the municipal water system in a city in eastern Michigan.
- In the past four 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 2016 and beyond.
- Continued focus on containing costs to match the size of enrollment will be key in maintaining positive fund balance going forward.
- 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.

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## **BASIC FINANCIAL STATEMENTS**

**WEST OTTAWA PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Governmental activities</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 13,751,144
Investments	3,529,908
Receivables:	
Accounts receivable	176,747
Taxes receivable	21,548
Interest receivable	112,086
Intergovernmental	10,918,863
Inventories	24,651
Prepays	45,425
Restricted cash - capital projects	1,681,071
Restricted investments - capital projects	35,517,720
Capital assets not being depreciated	12,285,805
Capital assets, net of accumulated depreciation	114,674,688
<b>TOTAL ASSETS</b>	<b>192,739,656</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Related to pensions	13,267,168
<b>LIABILITIES:</b>	
Accounts payable	2,382,785
Accrued salaries and related items	5,155,791
Accrued retirement	1,837,653
Accrued interest	1,490,378
Intergovernmental payable	118,886
Due to fiduciary fund	112,920
Unearned revenue	1,422,193
Noncurrent liabilities:	
Due within one year	6,631,810
Due in more than one year	120,766,886
Net pension liability	112,891,123
<b>TOTAL LIABILITIES</b>	<b>252,810,425</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred charge on refunding	353,713
Related to pensions	383,941
Related to state aid funding for pension	3,071,825
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,809,479</b>
<b>NET POSITION:</b>	
Net investment in capital assets	34,551,245
Restricted for debt service	127,732
Restricted for capital projects	1,125,168
Unrestricted	(86,417,225)
<b>TOTAL NET POSITION</b>	<b>\$ (50,613,080)</b>

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, 2016**

Functions/programs	Expenses	Program revenues		Governmental activities
		Charges for services	Operating grants	Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	\$ 48,231,758	\$ 34,882	\$ 7,554,705	\$ (40,642,171)
Support services	20,069,557	119,605	2,651,741	(17,298,211)
Community services	300,021	-	49,494	(250,527)
Food services	3,489,817	1,030,297	2,945,018	485,498
Outgoing transfers and other	3,225	-	-	(3,225)
Interest on long-term debt	5,396,764	-	-	(5,396,764)
Unallocated depreciation	3,918,569	-	-	(3,918,569)
Total governmental activities	<u>\$ 81,409,711</u>	<u>\$ 1,184,784</u>	<u>\$ 13,200,958</u>	<u>(67,023,969)</u>
General revenues:				
Property taxes, levied for general purposes				11,228,825
Property taxes, levied for debt service				15,519,729
Property taxes, levied for capital projects sinking fund				598,985
Investment earnings				354,031
State sources				39,589,543
Intermediate sources				5,084,906
Other				766,481
Total general revenues				<u>73,142,500</u>
<b>CHANGE IN NET POSITION</b>				6,118,531
<b>NET POSITION, beginning of year</b>				<u>(56,731,611)</u>
<b>NET POSITION, end of year</b>				<u><u>\$ (50,613,080)</u></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, 2016**

	<b>General Fund</b>	<b>2014 Capital projects fund</b>	<b>Total nonmajor funds</b>	<b>Total governmental funds</b>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 8,013,470	\$ -	\$ 5,737,674	\$ 13,751,144
Investments	3,026,766	-	503,142	3,529,908
Receivables:				
Property taxes receivable	3,982	-	17,566	21,548
Accounts receivable	698	-	176,049	176,747
Interest receivable	-	112,086	-	112,086
Intergovernmental	10,782,095	-	136,768	10,918,863
Due from other funds	201,034	-	81,192	282,226
Inventories	-	-	24,651	24,651
Prepays	45,425	-	-	45,425
Restricted cash - capital projects	-	1,681,071	-	1,681,071
Restricted investments - capital projects	-	35,517,720	-	35,517,720
<b>TOTAL ASSETS</b>	<b>\$ 22,073,470</b>	<b>\$ 37,310,877</b>	<b>\$ 6,677,042</b>	<b>\$ 66,061,389</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 173,470	\$ 2,209,315	\$ -	\$ 2,382,785
Accrued salaries and related items	5,147,622	-	8,169	5,155,791
Accrued retirement	1,836,511	-	1,142	1,837,653
Intergovernmental payable	110,856	-	8,030	118,886
Due to other funds	81,192	-	201,034	282,226
Due to fiduciary fund	97,459	-	15,461	112,920
Unearned revenue	1,374,907	-	47,286	1,422,193
<b>TOTAL LIABILITIES</b>	<b>8,822,017</b>	<b>2,209,315</b>	<b>281,122</b>	<b>11,312,454</b>

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

	<b>General Fund</b>	<b>2014 Capital projects fund</b>	<b>Total nonmajor funds</b>	<b>Total governmental funds</b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 24,651	\$ 24,651
Prepays	45,425	-	-	45,425
Restricted:				
Food service	-	-	1,019,572	1,019,572
Capital projects	-	35,101,562	1,125,168	36,226,730
Debt service	-	-	1,618,110	1,618,110
Assigned:				
Subsequent year expenditures	1,290,000	-	760,000	2,050,000
Capital projects	-	-	1,848,419	1,848,419
Unassigned	11,916,028	-	-	11,916,028
<b>TOTAL FUND BALANCES</b>	<b>13,251,453</b>	<b>35,101,562</b>	<b>6,395,920</b>	<b>54,748,935</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 22,073,470</b>	<b>\$ 37,310,877</b>	<b>\$ 6,677,042</b>	<b>\$ 66,061,389</b>

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, 2016**

<b>Total governmental fund balances</b>	\$ 54,748,935
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred charges on refunding, net of amortization	(353,713)
Deferred outflows of resources - related to pensions	13,267,168
Deferred inflows of resources - related to pensions	(383,941)
Deferred inflows of resources - related to state pension funding	(3,071,825)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	206,749,114
Accumulated depreciation is	(79,788,621)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(111,504,606)
Accreted interest on capital appreciation bonds	(15,652,491)
Compensated absences and termination benefits	(241,599)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(1,490,378)
Net pension liability	(112,891,123)
<b>Net position of governmental activities</b>	<u><u>\$ (50,613,080)</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, 2016**

	<u>General Fund</u>	<u>2014 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 11,228,825	\$ -	\$ 16,118,714	\$ 27,347,539
Tuition	34,882	-	-	34,882
Investment earnings	56,334	248,740	48,957	354,031
Food sales	-	-	1,022,345	1,022,345
Other	186,930	16,827	697,309	901,066
Total local sources	11,506,971	265,567	17,887,325	29,659,863
State sources	49,908,051	-	168,952	50,077,003
Federal sources	3,009,257	-	2,776,066	5,785,323
Incoming transfers and other	5,302,526	-	7,352	5,309,878
Total revenues	69,726,805	265,567	20,839,695	90,832,067
<b>EXPENDITURES:</b>				
Current:				
Instruction	48,351,220	-	-	48,351,220
Supporting services	20,789,455	-	-	20,789,455
Food service activities	-	-	3,500,560	3,500,560
Community service activities	300,021	-	-	300,021
Capital outlay	-	9,220,948	298,508	9,519,456

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

	<b>General Fund</b>	<b>2014 Capital projects fund</b>	<b>Total nonmajor funds</b>	<b>Total governmental funds</b>
<b>EXPENDITURES: (Concluded)</b>				
Debt service:				
Principal repayment	\$ -	\$ -	\$ 6,478,522	\$ 6,478,522
Interest expense	-	-	8,724,839	8,724,839
Other	-	4,033	3,225	7,258
Total expenditures	<u>69,440,696</u>	<u>9,224,981</u>	<u>19,005,654</u>	<u>97,671,331</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>286,109</u>	<u>(8,959,414)</u>	<u>1,834,041</u>	<u>(6,839,264)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	210,000	-	6,282	216,282
Transfer out	-	-	(216,282)	(216,282)
Other	(517,990)	-	-	(517,990)
Total other financing sources (uses)	<u>(307,990)</u>	<u>-</u>	<u>(210,000)</u>	<u>(517,990)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(21,881)</u>	<u>(8,959,414)</u>	<u>1,624,041</u>	<u>(7,357,254)</u>
<b>FUND BALANCES:</b>				
Beginning of year	13,273,334	44,060,976	4,771,879	62,106,189
End of year	<u>\$ 13,251,453</u>	<u>\$ 35,101,562</u>	<u>\$ 6,395,920</u>	<u>\$ 54,748,935</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, 2016**

<b>Net change in fund balances total governmental funds</b>	\$ (7,357,254)
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	(3,918,569)
Capital outlay	9,277,749
Unrecovered cost on asset disposal	(101,446)
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	1,882,228
Accrued interest payable, end of the year	(1,490,378)
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 in the treatment of long-term debt and related items and are as follows:	
Payments on debt	6,478,522
Net decrease in accretion on bonds	2,936,225
Amortization of bond premium	598,378
Amortization of deferred charges on refunding	4,795
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	146,958
Accrued compensated absences and termination benefits, end of the year	(241,599)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	974,747
Restricted revenue reported in the government funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension	(3,071,825)
<b>Change in net position of governmental activities</b>	<u><u>\$ 6,118,531</u></u>

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, 2016**

	<u><b>Agency fund</b></u>
<b>ASSETS:</b>	
Cash	\$ 620,931
Investments	423,327
Due from other funds	<u>112,920</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,157,178</u></u>
<b>LIABILITIES:</b>	
Accounts payable	\$ 426
Due to student and other groups	<u>1,156,752</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,157,178</u></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:

	<u>2014 Bond</u>
Revenues and other financing sources	<u>\$ 47,204,903</u>
Expenditures	<u>\$ 12,103,341</u>

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 (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

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, 2016. The District does not consider these amendments to be significant.

**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**

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.

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.

**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

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.

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 three 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. The third item is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period.

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, 2016, 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	0.2997

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, 2016, the district had the following investments:

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted average maturity (years)</b>	<b>Standard &amp; Poor's Rating</b>	<b>%</b>
Fidelity Institutional Treasury Portfolio	\$ 3,275,534	0.0027	N/A	8.30%
United States Treasury Notes	30,797,886	0.7353	AA+	78.03%
Chemical Bank - CD	1,444,300	0.6318	N/A	3.66%
Lake Michigan Credit Union - CD	1,205,629	1.1286	N/A	3.05%
Chemical Bank - CD	1,020,096	1.6173	N/A	2.58%
Flagstar - CD	500,000	0.6372	N/A	1.27%
Chemical Bank - CD	400,000	0.8613	N/A	1.01%
Lake Michigan Credit Union - CD	301,041	0.6399	N/A	0.76%
Lake Michigan Credit Union - CD	251,571	0.8289	N/A	0.64%
Lake Michigan Credit Union - CD	251,571	0.8289	N/A	0.64%
FDIC insured deposit account	9,468	0.0027	N/A	0.02%
United States Treasury Debentures	13,859	4.7251	AA+	0.04%
Total fair value	<u>\$ 39,470,955</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.7074</u>		
1 day maturity equals 0.0027, one year equals 1.00				

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

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**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.

**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, 2016, 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, 2016, \$18,392,578 of the District's bank balance of \$18,892,578 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$16,053,146.

**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.

**Fair value measurement.** The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

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

**NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)**

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The United States Treasury Notes and United State Treasury Debentures are the only investments subject to the fair value measurement and are considered level 2.

At June 30, 2016, the carrying amount is as follows:

Deposits	\$ 16,053,146
Investments	39,470,955
	<u>\$ 55,524,101</u>

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

Cash and cash equivalents:	
Government wide - unrestricted	\$ 13,751,144
Government wide - restricted	1,681,071
Agency	620,931
Investments:	
Government wide - unrestricted	3,529,908
Government wide - restricted	35,517,720
Agency	423,327
	<u>\$ 55,524,101</u>

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

**NOTE 3 - CAPITAL ASSETS**

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assets not being depreciated:				
Land	\$ 6,050,248	\$ 79,500	\$ -	\$ 6,129,748
Construction in progress	1,820,222	6,156,057	1,820,222	6,156,057
Subtotal	7,870,470	6,235,557	1,820,222	12,285,805
Other capital assets:				
Buildings and improvements	173,830,162	3,527,410	-	177,357,572
Furniture and equipment	11,133,274	856,634	89,069	11,900,839
Buses and other vehicles	5,284,028	478,370	557,500	5,204,898
Subtotal	190,247,464	4,862,414	646,569	194,463,309
Accumulated depreciation:				
Buildings and improvements	63,920,528	3,075,486	-	66,996,014
Furniture and equipment	9,121,000	406,238	77,669	9,449,569
Buses and other vehicles	3,373,647	436,845	467,454	3,343,038
Total accumulated depreciation	76,415,175	3,918,569	545,123	79,788,621
Net capital assets being depreciated	113,832,289	943,845	101,446	114,674,688
Net governmental capital assets	\$ 121,702,759	\$ 7,179,402	\$ 1,921,668	\$ 126,960,493

Depreciation expense for the fiscal year ended June 30, 2016 amounted to \$3,918,569. The District has determined that it is impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Costs to complete construction in progress are approximately \$5,142,000.

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2016 consist of the following:

State aid	\$ 9,011,014
Federal revenue	902,691
Intermediate sources and other	1,005,158
	<u>\$ 10,918,863</u>

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

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

**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, 2016:

	Accumulated compensated absences and termination benefits	Bonds and other debt	Total
Balance, July 1, 2015	\$ 146,958	\$ 137,170,222	\$ 137,317,180
Additions	94,641	-	94,641
Deletions	-	(10,013,125)	(10,013,125)
Balance, June 30, 2016	241,599	127,157,097	127,398,696
Due within one year	24,160	6,607,650	6,631,810
Due in more than one year	<u>\$ 217,439</u>	<u>\$ 120,549,447</u>	<u>\$ 120,766,886</u>

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

**NOTE 5 - LONG-TERM DEBT (Continued)**

Bonds payable at June 30, 2016 is comprised of the following issues:

1992 refunding bonds - \$51,425,000, due in annual installments of \$1,222,650 to \$1,286,416 through May 1, 2020 with interest at 6.400%; including accreted interest on capital appreciation bonds of \$15,652,491.	\$ 20,677,264
2008 refunding bonds - \$9,975,000, due in annual installments of \$180,000 to \$900,000 through May 1, 2026 with interest from 4.000% to 4.130%.	6,705,000
2012 Series A refunding bonds - \$76,745,000, due in annual installments of \$245,000 to \$4,345,000 through May 1, 2032 with interest from 2.000% to 5.000%.	37,350,000
2012 Series B refunding bonds - \$34,940,000, due in annual installments of \$1,720,000 to \$2,405,000 through May 1, 2020 with interest from 3.000% to 5.000%.	8,520,000
2014 building and site bonds - \$42,500,000, due in annual installments of \$1,225,000 to \$3,775,000 through May 1, 2039 with interest from 3.250% to 5.000%.	40,500,000
2015 refunding bonds - \$6,580,000, due in annual installments of \$680,000 to \$2,000,000 through May 1, 2022 with interest from 3.000% to 4.000%.	5,755,000
Plus: premium on bond refunding	<u>7,649,833</u>
Total general obligation debt	127,157,097
Obligation under contract for compensated absences and termination benefits	<u>241,599</u>
Total general long-term debt	<u><u>\$ 127,398,696</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, 2016, \$72,355,000 of bonds outstanding are considered defeased.

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

**NOTE 5 - LONG-TERM DEBT (Concluded)**

The annual requirements to amortize debt outstanding as of June 30, 2016, including interest payments of \$63,333,290 are as follows:

Year ending June 30,	Principal	Interest	Total
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	8,725,000	3,650,818	12,375,818
2022 - 2026	34,605,000	12,806,869	47,411,869
2027 - 2031	19,775,000	6,415,154	26,190,154
2032 - 2036	11,555,000	2,606,502	14,161,502
2037 - 2039	6,125,000	493,000	6,618,000
	<u>103,854,773</u>	<u>63,333,290</u>	<u>167,188,063</u>
Accreted interest on capital appreciation bonds	15,652,491	-	15,652,491
Premium on bond refunding	7,649,833	-	7,649,833
Accumulated compensated absences and termination benefits	241,599	-	241,599
	<u>\$ 127,398,696</u>	<u>\$ 63,333,290</u>	<u>\$ 190,731,986</u>

Accumulated compensated absences and termination benefits typically are liquidated by the General Fund.

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2016 are as follows:

Receivable fund		Payable fund	
Building transfer fund	\$ 81,192	General fund	\$ 81,192
General fund	201,034	Food service	201,034
	<u>\$ 282,226</u>		<u>\$ 282,226</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/mpsers-cafr>.

**Benefits Provided**

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPSERS is as follows:

<u>Plan name</u>	<u>Plan Type</u>	<u>Plan status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Open
Defined Contribution	Defined Contribution	Open

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.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.



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

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

**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 (MPERS) who became a member of MPERS 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. Members who elected under option 1 to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP).

**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 60<sup>th</sup> 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.

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

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

Option 4 - None (Member will receive benefit through a Defined Contribution plan). As a DC participant they receive a 4% employer contribution to a tax - deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS.

Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - 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**

Depending on the plan selected, member contributions range from 0% - 7%. Plan members electing the defined contribution plan are not required to make additional contributions.

**Employer Contributions**

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.

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.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

March 10, 2015 - September 30, 2015	18.76% - 23.07%
October 1, 2015 - September 30, 2016	14.56% - 18.95%

The District's pension contributions for the year ended June 30, 2016 were equal to the required contribution total. Pension contributions were approximately \$10,323,000 with \$10,041,000 specifically for the Defined Benefit Plan. These amounts include contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (69.45% for pension and 30.55% for OPEB).

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

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

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

**Pension Liabilities**

At June 30, 2016, the District reported a liability of \$112,891,123 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2014 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, 2015 and 2014, the District's proportion was .46219 and .45848 percent.

<i>MPSERS (Plan) Non-university employers:</i>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Total Pension Liability	\$ 66,312,041,902	\$ 65,160,887,182
Plan Fiduciary Net Position	\$ 41,887,015,147	\$ 43,134,384,072
Net Pension Liability	\$ 24,425,026,755	\$ 22,026,503,110
Proportionate share	0.46219	0.45848
Net Pension liability for the District	\$ 112,891,123	\$ 100,986,711

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

For the year ended June 30, 2016, the District recognized pension expense of \$5,993,934. This amount excludes contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate. These amounts have been recorded as a deferred outflow as of June 30, 2016.

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

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

At June 30, 2016, 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	\$ 2,779,619	\$ -
Net difference between projected and actual earnings on pension plan investments	576,218	-
Differences between expected and actual experience	-	(373,928)
Changes in proportion and differences between employer contributions and proportionate share of contributions	692,653	(10,013)
Reporting Unit's contributions subsequent to the measurement date	9,218,678	-
	<u>\$ 13,267,168</u>	<u>\$ (383,941)</u>

\$9,218,678 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 September 30,	Amount
2016	\$ 500,515
2017	500,515
2018	349,787
2019	2,313,732

**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** - RP2000 Combined Healthy Life Mortality table, adjusted for mortality improvements to 2020 using projection scale AA for men and women were used.

**Experience study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2014. 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.

**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%	5.90%
Alternate Investment Pools	18.00%	9.20%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	0.90%
Real Estate and Infrastructure Pools	10.00%	4.30%
Absolute Return Pools	15.50%	6.00%
Short Term Investment Pools	2.00%	0.00%
	<u>100.00%</u>	

\* Long term rate of return does not include 2.1% inflation.

**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.

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

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

**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 (7% for Pension Plus Plan), 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 or 1 percentage point higher than the current rate:

	1% Lower (6.0% - 7.0%)	Discount Rate (7.0% - 8.0%)	1% Higher (8.0% - 9.0%)
Reporting Unit's proportionate share of the net pension liability	<u>\$ 145,545,597</u>	<u>\$ 112,891,123</u>	<u>\$ 85,362,064</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 2015 Comprehensive Annual Financial Report.

**Payable to the Pension Plan** - At year end the School District is current on all required pension plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers and the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

**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.

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

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

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 employer contribution rate ranged from 5.52% - 6.45% of covered payroll for the period October 1, 2013 to March 9, 2015, 2.2% to 2.71% of covered payroll for the period from March 10, 2015 to September 30, 2015, and from 6.4% to 6.83% of covered payroll for the period from October 1, 2015 through June 30, 2016 dependent upon the employee's date of hire and plan election.

The District postemployment healthcare contributions to MPSERS for the years ended June 30, 2016, 2015 and 2014 were approximately \$4,088,000, \$5,073,000 and \$2,522,000.

**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.

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

**NOTE 8 - RISK MANAGEMENT (Concluded)**

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, with no significant changes in coverage from the prior year. 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 \$210,000 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds. \$6,282 was transferred between the debt service funds.

**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 - ADOPTION OF NEW ACCOUNTING STANDARDS**

The District adopted two standards effective for the year ended June 30, 2016. Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Application*, and Statement No. 79, *Certain External Investment Pools and Pool Participants*. Statement 72 requires disclosure of how fair value is determined and Statement 79 allows for the recording of certain investment pools that can continue to be recorded at amortized cost. The adoption of these standards did not have an impact on the amounts reported in the financial statements.

### **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.

Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, was issued by the GASB in August 2015 and will be effective for the District's 2017 year end. The Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements in the footnotes of the financial statements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatements recipients.
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

This Statement will improve the user's ability on how tax abatements affect the reporting unit's financial positions and results of operations, including their ability to raise resources in the future.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Local sources	\$ 11,300,000	\$ 11,500,000	\$ 11,506,971	\$ 6,971
State sources	48,855,000	49,925,000	49,908,051	(16,949)
Federal sources	2,800,000	2,950,000	3,009,257	59,257
Incoming transfers and other	5,455,000	5,290,000	5,302,526	12,526
Total revenues	68,410,000	69,665,000	69,726,805	61,805
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Basic programs	39,950,000	40,200,000	39,870,150	329,850
Added needs	7,940,000	8,620,000	8,481,070	138,930
Total instruction	47,890,000	48,820,000	48,351,220	468,780
Supporting services:				
Pupil	3,765,000	3,645,000	3,610,729	34,271
Instructional staff	2,300,000	2,710,000	2,681,827	28,173
General administration	530,000	518,000	517,412	588
School administration	3,780,000	3,385,000	3,292,150	92,850
Business	630,000	622,000	619,535	2,465
Operation/maintenance	5,300,000	5,455,000	5,451,672	3,328
Pupil transportation	2,750,000	2,420,000	2,388,738	31,262
Central	1,450,000	945,000	912,834	32,166
Athletics	1,200,000	1,320,000	1,314,558	5,442
Total supporting services	21,705,000	21,020,000	20,789,455	230,545
Community services	315,000	310,000	300,021	9,979
Total expenditures	69,910,000	70,150,000	69,440,696	709,304
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,500,000)	(485,000)	286,109	771,109
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	220,000	210,000	210,000	-
Transfers out	(130,000)	(525,000)	(517,990)	7,010
Total other financing sources (uses)	90,000	(315,000)	(307,990)	7,010
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,410,000)</u>	<u>\$ (800,000)</u>	<u>(21,881)</u>	<u>\$ 778,119</u>
<b>FUND BALANCE:</b>				
Beginning of year			13,273,334	
End of year			<u>\$ 13,251,453</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>2015</u>	<u>2014</u>
Reporting unit's proportion of net pension liability (%)	0.46219%	0.45848%
Reporting unit's proportionate share of net pension liability	\$ 112,891,123	\$ 100,986,711
Reporting unit's covered-employee payroll	\$ 38,594,806	\$ 39,187,214
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	292.50%	257.70%
Plan fiduciary net position as a percentage of total pension liability	63.17%	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>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 9,810,891	\$ 8,086,710
Contributions in relation to statutorily required contributions	<u>9,810,891</u>	<u>8,086,710</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Reporting unit's covered-employee payroll	\$ 38,800,553	\$ 38,388,804
Contributions as a percentage of covered-employee payroll	25.29%	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, 2016**

**Changes of benefit terms:** There were no changes of benefit terms in 2015.

**Changes of assumptions:** There were no changes of benefit assumptions in 2015.

## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2016**

	<u>Special revenue Food service</u>	<u>Debt service</u>	<u>Nonmajor capital projects</u>	<u>Total nonmajor funds</u>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,074,325	\$ 1,432,880	\$ 3,230,469	\$ 5,737,674
Investments	251,571	-	251,571	503,142
Accounts receivable	-	176,049	-	176,049
Property taxes receivable	-	16,912	654	17,566
Intergovernmental receivable	136,768	-	-	136,768
Due from other funds	-	-	81,192	81,192
Inventories	24,651	-	-	24,651
	<u>24,651</u>	<u>-</u>	<u>-</u>	<u>24,651</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,487,315</u>	<u>\$ 1,625,841</u>	<u>\$ 3,563,886</u>	<u>\$ 6,677,042</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accrued salaries and related items	\$ 8,169	\$ -	\$ -	\$ 8,169
Accrued retirement	1,142	-	-	1,142
Intergovernmental payable	-	7,731	299	8,030
Due to other funds	201,034	-	-	201,034
Due to fiduciary fund	15,461	-	-	15,461
Unearned revenue	47,286	-	-	47,286
	<u>273,092</u>	<u>7,731</u>	<u>299</u>	<u>281,122</u>
<b>TOTAL LIABILITIES</b>	<u>273,092</u>	<u>7,731</u>	<u>299</u>	<u>281,122</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventories	24,651	-	-	24,651
Restricted	1,019,572	1,618,110	1,125,168	3,762,850
Assigned:				
Subsequent year expenditures	170,000	-	590,000	760,000
Capital projects	-	-	1,848,419	1,848,419
	<u>-</u>	<u>-</u>	<u>1,848,419</u>	<u>1,848,419</u>
<b>TOTAL FUND BALANCES</b>	<u>1,214,223</u>	<u>1,618,110</u>	<u>3,563,587</u>	<u>6,395,920</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,487,315</u>	<u>\$ 1,625,841</u>	<u>\$ 3,563,886</u>	<u>\$ 6,677,042</u>



**WEST OTTAWA PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2016**

	<b>Special revenue</b>		<b>Nonmajor capital projects</b>	<b>Total nonmajor funds</b>
	<b>Food service</b>	<b>Debt service</b>		
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ -	\$ 15,519,729	\$ 598,985	\$ 16,118,714
Investment earnings	3,541	33,957	11,459	48,957
Food sales	1,022,345	-	-	1,022,345
Other	600	178,076	518,633	697,309
Total local sources	1,026,486	15,731,762	1,129,077	17,887,325
State sources	168,952	-	-	168,952
Federal sources	2,776,066	-	-	2,776,066
Incoming transfers and other	7,352	-	-	7,352
Total revenues	3,978,856	15,731,762	1,129,077	20,839,695
<b>EXPENDITURES:</b>				
Current:				
Food service activities	3,500,560	-	-	3,500,560
Capital outlay	219,052	-	79,456	298,508
Debt service:				
Principal repayment	-	6,478,522	-	6,478,522
Interest expense	-	8,724,839	-	8,724,839
Other	-	3,225	-	3,225
Total expenditures	3,719,612	15,206,586	79,456	19,005,654
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	259,244	525,176	1,049,621	1,834,041
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	6,282	-	6,282
Transfers out	(210,000)	(6,282)	-	(216,282)
Total other financing uses	(210,000)	-	-	(210,000)
<b>NET CHANGE IN FUND BALANCES</b>	49,244	525,176	1,049,621	1,624,041
<b>FUND BALANCES:</b>				
Beginning of year	1,164,979	1,092,934	2,513,966	4,771,879
End of year	\$ 1,214,223	\$ 1,618,110	\$ 3,563,587	\$ 6,395,920

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**FOOD SERVICE FUND**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>REVENUES:</b>				
Local sources	\$ 1,025,000	\$ 1,025,000	\$ 1,026,486	\$ 1,486
State sources	150,000	165,000	168,952	3,952
Federal sources	2,600,000	2,680,000	2,776,066	96,066
Incoming transfers and other	7,000	7,000	7,352	352
Total revenues	<u>3,782,000</u>	<u>3,877,000</u>	<u>3,978,856</u>	<u>101,856</u>
<b>EXPENDITURES:</b>				
Current:				
General administration	1,500	2,000	2,000	-
Food service activities and capital outlay	<u>3,700,500</u>	<u>3,723,000</u>	<u>3,717,612</u>	<u>5,388</u>
Total expenditures	<u>3,702,000</u>	<u>3,725,000</u>	<u>3,719,612</u>	<u>5,388</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>80,000</u>	<u>152,000</u>	<u>259,244</u>	<u>107,244</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(220,000)</u>	<u>(210,000)</u>	<u>(210,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (140,000)</u>	<u>\$ (58,000)</u>	<u>49,244</u>	<u>\$ 107,244</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,164,979</u>	
End of year			<u>\$ 1,214,223</u>	

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
JUNE 30, 2016**

	<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>
<b>ASSETS</b>							
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 625,146	\$ 90,615	\$ 160,752	\$ 265,942	\$ 217,229	\$ 73,196	\$ 1,432,880
Accounts receivable	-	-	176,049	-	-	-	176,049
Property taxes receivable	<u>6,220</u>	<u>960</u>	<u>2,444</u>	<u>3,273</u>	<u>3,273</u>	<u>742</u>	<u>16,912</u>
<b>TOTAL ASSETS</b>	<u>\$ 631,366</u>	<u>\$ 91,575</u>	<u>\$ 339,245</u>	<u>\$ 269,215</u>	<u>\$ 220,502</u>	<u>\$ 73,938</u>	<u>\$ 1,625,841</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Intergovernmental payable	<u>\$ 2,843</u>	<u>\$ 439</u>	<u>\$ 1,117</u>	<u>\$ 1,496</u>	<u>\$ 1,496</u>	<u>\$ 340</u>	<u>\$ 7,731</u>
<b>FUND BALANCES:</b>							
Restricted for debt service	<u>628,523</u>	<u>91,136</u>	<u>338,128</u>	<u>267,719</u>	<u>219,006</u>	<u>73,598</u>	<u>1,618,110</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 631,366</u>	<u>\$ 91,575</u>	<u>\$ 339,245</u>	<u>\$ 269,215</u>	<u>\$ 220,502</u>	<u>\$ 73,938</u>	<u>\$ 1,625,841</u>

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>1992</b>	<b>2008 Refunding</b>	<b>2012A</b>	<b>2012B</b>	<b>2014</b>	<b>2015 Refunding</b>	<b>Total Debt Service</b>
<b>REVENUES:</b>							
Local sources:							
Property taxes	\$ 5,707,251	\$ 881,120	\$ 2,242,853	\$ 3,003,818	\$ 3,003,820	\$ 680,867	\$ 15,519,729
Interest	12,487	1,928	4,908	6,572	6,572	1,490	33,957
Other	-	-	176,049	-	-	2,027	178,076
Total revenues	5,719,738	883,048	2,423,810	3,010,390	3,010,392	684,384	15,731,762
<b>EXPENDITURES:</b>							
Principal repayments	1,193,522	535,000	455,000	2,470,000	1,000,000	825,000	6,478,522
Interest expense	4,081,478	291,850	1,743,531	442,800	1,902,188	262,992	8,724,839
Other	500	500	500	500	250	975	3,225
Total expenditures	5,275,500	827,350	2,199,031	2,913,300	2,902,438	1,088,967	15,206,586
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	444,238	55,698	224,779	97,090	107,954	(404,583)	525,176
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	-	-	111	307	5,864	-	6,282
Transfers out	(475)	(1,667)	-	-	-	(4,140)	(6,282)
Total other financing sources (uses)	(475)	(1,667)	111	307	5,864	(4,140)	-
<b>NET CHANGE IN FUND BALANCES</b>	443,763	54,031	224,890	97,397	113,818	(408,723)	525,176
<b>FUND BALANCES:</b>							
Beginning of year	184,760	37,105	113,238	170,322	105,188	482,321	1,092,934
End of year	\$ 628,523	\$ 91,136	\$ 338,128	\$ 267,719	\$ 219,006	\$ 73,598	\$ 1,618,110

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2016**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total Nonmajor Capital Projects</u>
<b>ASSETS</b>			
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,714,813	\$ 1,515,656	\$ 3,230,469
Investments	-	251,571	251,571
Due from other funds	-	81,192	81,192
Property taxes receivable	654	-	654
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 1,715,467</u>	<u>\$ 1,848,419</u>	<u>\$ 3,563,886</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Intergovernmental payable	<u>\$ 299</u>	<u>\$ -</u>	<u>\$ 299</u>
<b>FUND BALANCES:</b>			
Restricted	1,125,168	-	1,125,168
Assigned:			
Subsequent year expenditures	590,000	-	590,000
Capital projects	<u>-</u>	<u>1,848,419</u>	<u>1,848,419</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<u>1,715,168</u>	<u>1,848,419</u>	<u>3,563,587</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,715,467</u>	<u>\$ 1,848,419</u>	<u>\$ 3,563,886</u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total Nonmajor Capital Projects</u>
<b>REVENUES:</b>			
Property taxes	\$ 598,985	\$ -	\$ 598,985
Investment earnings	5,161	6,298	11,459
Other	<u>-</u>	<u>518,633</u>	<u>518,633</u>
Total revenues	<u>604,146</u>	<u>524,931</u>	<u>1,129,077</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>-</u>	<u>79,456</u>	<u>79,456</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	604,146	445,475	1,049,621
<b>FUND BALANCES:</b>			
Beginning of year	<u>1,111,022</u>	<u>1,402,944</u>	<u>2,513,966</u>
End of year	<u><u>\$ 1,715,168</u></u>	<u><u>\$ 1,848,419</u></u>	<u><u>\$ 3,563,587</u></u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**SINKING FUND**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>REVENUES:</b>				
Local sources	<u>\$ 570,000</u>	<u>\$ 600,000</u>	<u>\$ 604,146</u>	<u>\$ 4,146</u>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	<u>1,055,000</u>	<u>56,000</u>	<u>-</u>	<u>56,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(485,000)</u>	<u>544,000</u>	<u>604,146</u>	<u>60,146</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (485,000)</u></u>	<u><u>\$ 544,000</u></u>	<u>604,146</u>	<u><u>\$ 60,146</u></u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,111,022</u>	
End of year			<u><u>\$ 1,715,168</u></u>	

**WEST OTTAWA PUBLIC SCHOOLS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**YEAR ENDED JUNE 30, 2016**

	<b>Balance</b> <b>July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2016</b>
<b>ASSETS:</b>				
Cash	\$ 1,013,131	\$ 2,273,138	\$ 2,665,338	\$ 620,931
Investments	22,838	401,367	878	423,327
Due from (to) other funds	(800)	160,893	47,173	112,920
<b>TOTAL ASSETS</b>	<u>\$ 1,035,169</u>	<u>\$ 2,835,398</u>	<u>\$ 2,713,389</u>	<u>\$ 1,157,178</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 1,235,949	\$ 1,236,375	\$ 426
Due to student and other groups	1,035,169	2,400,876	2,522,459	1,156,752
<b>TOTAL LIABILITIES</b>	<u>\$ 1,035,169</u>	<u>\$ 3,636,825</u>	<u>\$ 3,758,834</u>	<u>\$ 1,157,178</u>



**WEST OTTAWA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2016**

1992 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>	
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%	<u>1,286,416</u>	<u>6,028,583</u>	<u>-</u>	<u>7,314,999</u>
Total 1992 bonded debt		<u>\$ 5,024,773</u>	<u>\$ 21,070,225</u>	<u>\$ -</u>	<u>\$ 26,094,998</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, 2016**

2008 Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 6,705,000</u>	<u>\$ 876,588</u>	<u>\$ 876,588</u>	<u>\$ 8,458,176</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, 2016**

2012 Series A Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 37,350,000</u>	<u>\$ 8,527,999</u>	<u>\$ 8,527,989</u>	<u>\$ 54,405,988</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, 2016**

2012 Series B 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>	
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>\$ 8,520,000</u>	<u>\$ 398,500</u>	<u>\$ 398,500</u>	<u>\$ 9,317,000</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, 2016**

2014 Building and Site Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 40,500,000</u>	<u>\$ 10,994,748</u>	<u>\$ 10,994,753</u>	<u>\$ 62,489,501</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, 2016**

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>	
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>\$ 5,755,000</u>	<u>\$ 333,700</u>	<u>\$ 333,700</u>	<u>\$ 6,422,400</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  
2015 - 2016**

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**  
**2007 - 2016**

<i>Year ended June 30,</i>	Fiscal Year			
	2007	2008	2009	2010
<b>Governmental Activities</b>				
Net investment in capital assets	\$ (5,581,249)	\$ (1,358,906)	\$ 433,894	\$ 3,327,156
Restricted	3,010,174	580,359	710,554	740,805
Unrestricted	14,365,099	13,015,298	14,333,024	15,175,862
<b>Total Primary Government Net Position</b>	<b>\$ 11,794,024</b>	<b>\$ 12,236,751</b>	<b>\$ 15,477,472</b>	<b>\$ 19,243,823</b>

<sup>1</sup> 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**  
**Net Position by Component**  
**2007 - 2016**

Fiscal Year					
2011	2012	2013	2014	2015 <sup>1</sup>	2016
\$ 5,870,709	\$ 10,876,764	\$ 14,641,571	\$ 21,202,608	\$ 28,235,005	\$ 34,551,245
913,636	1,492,434	2,241,731	2,250,471	1,111,022	1,252,900
16,038,850	12,030,077	12,206,291	13,312,827	(86,077,638)	(86,417,225)
\$ 22,823,195	\$ 24,399,275	\$ 29,089,593	\$ 36,765,906	\$ (56,731,611)	\$ (50,613,080)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Expenses, Program Revenues and Net Expense**  
**2007 - 2016**

<i>Year ended June 30,</i>	Fiscal			
	2007	2008	2009	2010
<b>Expenses</b>				
Governmental Activities				
Instruction	\$ 46,138,816	\$ 46,984,919	\$ 44,932,232	\$ 44,981,418
Support services	23,815,596	22,065,223	21,703,756	21,859,267
Community services	18	813	29,242	42,488
Food services	2,758,977	2,755,262	2,726,874	2,898,720
Athletics	1,191,535	1,160,370	1,246,419	1,215,651
Child care	489,494	503,022	466,707	415,474
Outgoing transfers and other	-	-	-	-
Interest on long-term debt	7,743,926	7,113,691	7,054,106	6,893,207
Unallocated depreciation	4,443,108	4,506,722	4,477,541	4,457,035
Loss on disposition of assets	-	-	35,792	-
<b>Total Expenses</b>	<b>86,581,470</b>	<b>85,090,022</b>	<b>82,672,669</b>	<b>82,763,260</b>
<b>Program Revenues</b>				
Governmental Activities				
Charges for services:				
Instruction	-	-	-	-
Support services	744,248	632,310	761,817	832,792
Community services	-	-	-	-
Food services	1,297,753	1,280,122	1,260,965	1,147,589
Athletics	106,742	89,897	106,359	102,057
Child care services	505,034	498,239	442,652	381,007
Operating grants and contributions	14,115,949	14,547,546	18,340,534	19,843,075
<b>Total Program Revenues</b>	<b>16,769,726</b>	<b>17,048,114</b>	<b>20,912,327</b>	<b>22,306,520</b>
<b>Net Expense</b>	<b>\$ (69,811,744)</b>	<b>\$ (68,041,908)</b>	<b>\$ (61,760,342)</b>	<b>\$ (60,456,740)</b>

<sup>1</sup> 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**  
**2007 - 2016**

Year											
2011		2012 <sup>1</sup>		2013 <sup>1</sup>		2014 <sup>1</sup>		2015 <sup>1</sup>		2016 <sup>1</sup>	
\$	45,282,922	\$	45,638,324	\$	45,071,399	\$	45,505,240	\$	46,521,013	\$	48,231,758
	22,800,189		21,896,188		20,657,796		20,114,506		19,682,129		20,069,557
	33,623		877,845		332,842		318,932		316,322		300,021
	3,026,866		3,309,239		3,302,496		3,308,115		3,534,078		3,489,817
	979,095		-		-		-		-		-
	442,618		-		-		-		-		-
	-		6,738		3,042		1,639		4,150		3,225
	6,716,136		6,333,589		6,048,141		5,710,959		6,306,720		5,396,764
	4,420,723		4,040,523		4,140,117		3,633,795		3,980,048		3,918,569
	776		-		-		-		-		-
	83,702,948		82,102,446		79,555,833		78,593,186		80,344,460		81,409,711
	-		-		-		-		82,374		34,882
	1,324,113		511,520		419,388		204,213		59,039		119,605
	-		472,395		29,947		-		-		-
	1,113,724		1,136,823		1,045,313		1,085,180		1,046,469		1,030,297
	-		-		-		-		-		-
	442,617		-		-		-		-		-
	20,084,722		10,457,728		11,879,532		13,142,471		13,853,104		13,200,958
	22,965,176		12,578,466		13,374,180		14,431,864		15,040,986		14,385,742
\$	(60,737,772)	\$	(69,523,980)	\$	(66,181,653)	\$	(64,161,322)	\$	(65,303,474)	\$	(67,023,969)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**General Revenues and Total Change in Net Position**  
**2007 - 2016**

<i>Year ended June 30,</i>	Fiscal			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Net Expense</b>	\$ (69,811,744)	\$ (68,041,908)	\$ (61,760,342)	\$ (60,456,740)
<b>General Revenues</b>				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	13,338,957	13,765,083	12,330,124	12,601,987
Property taxes levied for debt service	12,427,020	12,936,401	12,581,136	12,519,883
Property taxes levied for repair & improvement	-	-	603,415	603,734
State sources	41,868,581	40,884,629	39,216,056	38,434,701
Intermediate sources	-	-	-	-
Unrestricted federal sources	-	-	-	-
Interest and investment earnings	1,185,408	898,522	270,332	62,786
Gain on sale of assets	514,905	-	-	-
Miscellaneous	-	-	-	-
<b>Total General Revenues</b>	<b>69,334,871</b>	<b>68,484,635</b>	<b>65,001,063</b>	<b>64,223,091</b>
<b>Change in Net Position</b>	<b>(476,873)</b>	<b>442,727</b>	<b>3,240,721</b>	<b>3,766,351</b>
Prior period adjustment or restatement	-	-	-	-
<b>Net Position- Beginning of Year</b>	<b>12,270,897</b>	<b>11,794,024</b>	<b>12,236,751</b>	<b>15,477,472</b>
<b>Net Position- End of Year</b>	<b>\$ 11,794,024</b>	<b>\$ 12,236,751</b>	<b>\$ 15,477,472</b>	<b>\$ 19,243,823</b>

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

<sup>2</sup> 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**  
**2007 - 2016**

Year						
	2011	2012	2013 <sup>1</sup>	2014	2015 <sup>2</sup>	2016
\$	(60,737,772)	\$ (69,523,980)	\$ (66,181,653)	\$ (64,161,322)	\$ (65,303,474)	(67,023,969)
	11,402,935	10,677,549	10,564,165	10,534,974	10,841,989	11,228,825
	12,437,028	12,848,930	14,239,656	14,532,941	14,976,832	15,519,729
	568,587	550,079	549,866	561,406	578,595	598,985
	39,871,772	40,119,866	40,510,276	40,102,845	40,899,930	39,589,543
	-	6,484,970	5,501,414	5,621,831	5,195,761	5,084,906
	-	128,606	-	-	-	-
	36,822	23,231	42,596	43,930	542,258	354,031
	-	-	-	-	-	-
	-	266,829	229,134	439,708	350,297	766,481
	64,317,144	71,100,060	71,637,107	71,837,635	73,385,662	73,142,500
	3,579,372	1,576,080	5,455,454	7,676,313	8,082,188	6,118,531
	-	-	(765,136)	-	(101,579,705)	-
	19,243,823	22,823,195	24,399,275	29,089,593	36,765,906	(56,731,611)
\$	22,823,195	\$ 24,399,275	\$ 29,089,593	\$ 36,765,906	\$ (56,731,611)	(50,613,080)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Fund Balances - Governmental Funds**  
**2007 - 2016**

<i>Year ended June 30,</i>	Fiscal			
	2007	2008	2009	2010
<b>General Fund</b>				
Reserved	\$ 113,051	\$ 111,264	\$ 84,485	\$ 82,558
Unreserved	11,702,247	11,743,705	12,438,380	13,058,062
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b>11,815,298</b>	<b>11,854,969</b>	<b>12,522,865</b>	<b>13,140,620</b>
<b>All Other Governmental Funds</b>				
Reserved	35,072	29,780	33,025	34,169
Unreserved, reported in:				
Debt service fund	3,970,055	1,449,740	1,509,801	1,492,132
Capital projects fund	1,571,391	562,903	824,572	933,285
Special revenue fund	1,107,951	809,286	1,056,793	1,151,041
Nonspendable	-	-	-	-
Restricted for capital projects	-	-	-	-
Restricted for debt service	-	-	-	-
Restricted for food service	-	-	-	-
Restricted for child care	-	-	-	-
Assigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>6,684,469</b>	<b>2,851,709</b>	<b>3,424,191</b>	<b>3,610,627</b>
<b>Total Fund Balances</b>	<b>\$ 18,499,767</b>	<b>\$ 14,706,678</b>	<b>\$ 15,947,056</b>	<b>\$ 16,751,247</b>

<sup>1</sup> 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**  
**2007 - 2016**

Year	2011 <sup>1</sup>		2012 <sup>1</sup>		2013 <sup>1</sup>		2014 <sup>1</sup>		2015 <sup>1</sup>		2016 <sup>1</sup>	
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	-
	-		-		-		-		-		-	-
	151,220		60,958		40,886		206,354		39,794		45,425	
	-		3,389,000		1,606,000		296,000		1,410,000		1,290,000	
	14,090,448		8,178,206		9,715,816		11,745,876		11,823,540		11,916,028	
	14,241,668		11,628,164		11,362,702		12,248,230		13,273,334		13,251,453	
	-		-		-		-		-		-	-
	-		-		-		-		-		-	-
	-		-		-		-		-		-	-
	-		-		-		-		-		-	-
	41,442		48,052		18,284		40,464		33,545		24,651	
	564,768		217,452		395,948		46,594,256		45,171,998		36,226,730	
	1,067,642		898,062		1,478,770		2,017,266		1,092,934		1,618,110	
	1,159,201		1,057,791		897,154		1,101,611		991,434		1,019,572	
	71,039		8,397		-		-		-		-	-
	308,660		478,298		1,000,636		1,196,468		1,542,944		2,608,419	
	3,212,752		2,708,052		3,790,792		50,950,065		48,832,855		41,497,482	
\$	17,454,420	\$	14,336,216	\$	15,153,494	\$	63,198,295	\$	62,106,189	\$	54,748,935	

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Revenues**  
**2007 - 2016**

<i>Year ended June 30,</i>	Fiscal			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal grants	\$ 3,045,829	\$ 3,219,588	\$ 5,914,391	\$ 6,609,890
Food service fund	1,271,752	1,467,499	1,708,843	2,021,008
Total federal sources	4,317,581	4,687,087	7,623,234	8,630,898
<b>State Sources</b>				
Restricted	4,574,197	4,515,988	4,840,345	4,748,114
Unrestricted	41,868,581	40,884,629	39,216,056	38,434,701
Total state sources	46,442,778	45,400,617	44,056,401	43,182,815
<b>Other Governmental Units</b>				
Ottawa Area ISD and other districts	5,482,345	5,536,545	6,179,152	6,800,858
Miscellaneous	-	-	-	-
Total other governmental units	5,482,345	5,536,545	6,179,152	6,800,858
<b>Local Sources</b>				
Property taxes	21,345,924	26,716,888	25,548,575	25,729,239
Food service fund	1,297,753	1,279,219	1,257,126	1,144,447
Athletic fund	106,724	89,897	106,359	102,057
Child care fund	505,034	498,239	442,072	381,007
Bond issuance	4,612,941	-	-	-
Interest and other income	970,753	898,474	270,332	62,786
Miscellaneous	1,087,212	420,031	532,674	497,689
Total local sources	29,926,341	29,902,748	28,157,138	27,917,225
<b>Total Revenues</b>	\$ 86,169,045	\$ 85,526,997	\$ 86,015,925	\$ 86,531,796

<sup>1</sup> 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**  
**2007 - 2016**

Year						
	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>
\$	6,814,102	\$ 3,517,192	\$ 3,053,173	\$ 2,950,098	\$ 2,728,324	\$ 3,009,257
	2,148,222	2,192,108	2,425,094	2,476,803	2,646,955	2,776,066
	8,962,324	5,709,300	5,478,267	5,426,901	5,375,279	5,785,323
	4,528,252	5,032,571	6,482,987	7,715,570	8,477,825	10,487,460
	39,871,772	40,119,866	40,510,276	40,102,845	40,899,930	39,589,543
	44,400,024	45,152,437	46,993,263	47,818,415	49,377,755	50,077,003
	7,046,040	6,512,865	5,501,414	5,624,904	5,195,761	5,302,526
	-	-	-	-	-	7,352
	7,046,040	6,512,865	5,501,414	5,624,904	5,195,761	5,309,878
	24,419,628	24,086,820	25,353,687	25,629,321	26,393,704	27,347,539
	1,105,562	1,582,488	1,071,682	1,049,624	1,027,290	1,022,345
	-	-	-	-	-	-
	442,617	-	-	-	-	-
	-	-	-	-	-	-
	36,823	18,231	42,596	40,576	484,416	354,031
	644,572	782,184	569,343	649,554	622,934	935,948
	26,649,202	26,469,723	27,037,308	27,369,075	28,528,344	29,659,863
\$	87,057,590	\$ 83,844,325	\$ 85,010,252	\$ 86,239,295	\$ 88,477,139	\$ 90,832,067

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Expenditures and Debt Service Ratio**  
**2007 - 2016**

	Fiscal			
<i>Year ended June 30,</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Expenditures</b>				
Instruction	\$ 44,872,721	\$ 46,203,077	\$ 44,970,221	\$ 45,306,668
Pupil support services	3,410,287	3,069,674	3,111,378	3,359,839
Instructional support services	2,533,487	2,291,012	2,279,272	2,620,594
General administration	527,319	458,178	474,215	468,738
School administration	3,776,980	3,629,825	3,844,542	3,754,474
Business services	756,031	749,306	831,038	820,230
Operations and maintenance	6,915,502	6,663,605	6,544,532	6,223,615
Pupil transportation services	2,696,603	2,751,972	2,746,996	2,798,074
Central support services	1,715,342	1,738,105	1,570,637	1,239,456
Other support services	-	-	-	-
Community services	18	813	29,242	42,488
Food service	2,758,977	2,755,262	2,726,874	2,898,720
Athletics	1,191,535	1,160,370	1,246,419	1,215,651
Special education	586,230	-	-	-
Child care	489,494	503,022	466,707	415,474
Repair & improvement	-	-	744	-
Capital outlay	2,654,636	2,078,573	1,254,580	2,286,610
Debt service				
Principal	6,640,000	7,335,000	7,540,000	7,750,000
Interest and other	6,041,807	5,340,408	5,138,150	4,798,062
<b>Total Expenditures</b>	<b>\$ 87,566,969</b>	<b>\$ 86,728,202</b>	<b>\$ 84,775,547</b>	<b>\$ 85,998,693</b>

<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>14.9%</b>	<b>15.0%</b>	<b>15.2%</b>	<b>15.0%</b>
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<sup>1</sup> 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**  
**2007 - 2016**

Year											
		2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>				
\$	45,282,922	\$	45,663,725	\$	45,041,645	\$	45,585,350	\$	46,734,889	\$	48,351,220
	3,422,480		3,173,393		3,522,959		3,364,906		3,608,641		3,610,729
	3,102,790		2,155,466		1,738,073		2,014,383		2,473,457		2,681,827
	504,355		483,323		420,083		449,041		449,215		517,412
	3,941,152		4,036,416		3,732,852		3,467,188		3,383,404		3,292,150
	747,092		733,471		596,879		579,158		551,582		619,535
	6,352,968		5,911,210		5,434,338		5,500,296		5,174,966		5,451,672
	3,036,915		4,051,102		3,239,750		2,483,522		2,478,460		2,388,738
	1,423,447		1,420,056		1,514,610		1,339,048		1,094,908		912,834
	979,095		1,145,113		1,134,074		1,254,638		1,160,287		1,314,558
	33,623		342,769		294,478		318,932		316,322		300,021
	3,026,866		3,309,241		3,357,104		3,314,534		3,551,991		3,500,560
	-		-		-		-		-		-
	-		-		-		-		-		-
	442,618		535,076		38,364		-		-		-
	-		-		-		-		-		-
	872,234		977,788		402,899		844,711		2,572,792		9,519,456
	6,150,473		6,155,907		7,486,519		7,576,096		6,807,728		6,478,522
	6,730,228		6,868,473		7,245,549		6,629,509		8,169,220		8,732,097
\$	86,049,258	\$	86,962,529	\$	85,200,176	\$	84,721,312	\$	88,527,862	\$	97,671,331
		15.1%	15.1%	17.4%	16.9%	17.4%	17.3%				

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Other Financing Sources (Uses) and Net Change**  
**in Fund Balances, Governmental Funds**  
**2007 - 2016**

<i>Year ended June 30,</i>					Fiscal
	2007	2008	2009		2010
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ (1,397,924)	\$ (1,201,205)	\$ 1,240,378	\$	533,103
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-		-
Refunding bonds issued	-	9,998,341	-		-
Cost of bond issuance	-	(160,931)	-		-
Premium on bonds issued	-	-	-		-
Payment to escrow agent	-	(12,429,394)	-		-
Proceeds from sale of capital assets	-	-	-		-
Borrowings on capital lease obligation	-	-	-		579,052
Bus lease payments	-	-	-		(307,964)
Transfers in	4,371,690	1,531,678	1,471,163		1,358,636
Transfers out	(4,371,690)	(1,531,678)	(1,471,163)		(1,358,636)
Other	-	-	-		-
<b>Total Other Financing Sources (Uses)</b>	-	(2,591,984)	-		271,088
<b>Net Change in Fund Balances</b>	\$ (1,397,924)	\$ (3,793,189)	\$ 1,240,378	\$	804,191

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Other Financing Sources (Uses) and Net Change**  
**in Fund Balances, Governmental Funds**  
**2007 - 2016**

Year											
2011		2012		2013		2014		2015		2016	
\$	1,008,332	\$	(3,118,204)	\$	(189,924)	\$	1,517,983	\$	(50,723)	\$	(6,839,264)
	-		-		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		-
	-		-		-		-		-		-
	(305,159)		-		-		-		-		-
	219,223		580,204		968,954		235,258		1,704,831		216,282
	(219,223)		(580,204)		(968,954)		(235,258)		(1,704,831)		(216,282)
	-		-		(43,008)		(29,122)		(96,972)		(517,990)
	(305,159)		-		1,007,202		46,526,818		(1,041,383)		(517,990)
\$	703,173	\$	(3,118,204)	\$	817,278	\$	48,044,801	\$	(1,092,106)	\$	(7,357,254)

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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 2006-2007 through 2015-2016**  
**(rate per \$1,000 of assessed value)**

<i><b>Tax Year</b></i>	<b>Fiscal Year</b>	<b>Estimated Market Value</b>	<b>State Equalized Value</b>
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
2015	2015-16	4,505,007,800	2,252,503,900

\*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 2006-2007 through 2015-2016**  
**(rate per \$1,000 of assessed value)**

Taxable Value			District Tax Rates			
Non-Homestead Property	Homestead Property	Total	Operating	Debt	Other	Total
\$ 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
709,379,149	1,132,889,419	1,842,268,568	18.0000	6.5628	0.3000	24.8628
672,283,846	1,115,235,875	1,787,519,721	18.0000	7.0000	0.3000	25.3000
684,983,473	1,089,502,128	1,774,485,601	18.0000	7.7500	0.3000	26.0500
702,395,554	1,116,434,641	1,818,830,195	18.0000	7.7500	0.3000	26.0500
727,049,156	1,150,902,263	1,877,951,419	18.0000	7.7500	0.3000	26.0500
754,478,827	1,193,756,008	1,948,234,835	18.0000	7.7500	0.2997	26.0497

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Direct and Overlapping Property Tax Rates**  
**Fiscal Years 2006-2007 through 2015-2016**  
**(rate per \$1,000 of assessed value)**

**District Tax Rates**

<i><b>Tax Year</b></i>	<b>Fiscal Year</b>	<b>Operating</b>	<b>Debt</b>	<b>Other</b>	<b>Total</b>
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
2015	2015-16	18.0000	7.7500	0.2997	26.0497

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 2006-2007 through 2015-2016**  
**(rate per \$1,000 of assessed value)**

**Overlapping Rates**

<b>Port Sheldon Township</b>	<b>Holland Township</b>	<b>Park Township</b>	<b>Olive Township</b>
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
1.4500	6.1000	4.3288	4.9784

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

*Year ended December 31,*

**2015**

<b>Taxpayer</b>	<b>Ad Valorem Taxable Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Value</b>	<b>Equivalent Industrial Facilities Tax (IFT)</b>	<b>IFT and Taxable Value</b>
Hoover Universal, Inc./PHC LLC	\$ 15,071,300	1	0.80%	\$ 16,589,736	\$ 31,661,036
Request Foods	21,571,834	2	1.15%	5,631,800	27,203,634
Perrigo Michigan Holland	13,116,700	3	0.70%	5,415,900	18,532,600
Consumers Energy	11,490,096	4	0.61%	-	11,490,096
Gentex Corporation	-	5	0.00%	10,461,576	10,461,576
Grandquest Realty LLC	9,104,579	6	0.48%	-	9,104,579
Meijer/Goodwill	2,967,736	7	0.16%	6,125,700	9,093,436
Boar's Head Provisions	4,452,600	8	0.24%	4,498,217	8,950,817
Metal Flow Corp.	8,745,400	9	0.47%	-	8,745,400
Geenen Dekock Prop. LLC	7,050,657	10	0.38%	-	7,050,657
Westshore Properties LLC	-		-	-	-
Clearview Apartments	-		-	-	-
Pfizer	-		-	-	-
Occidental	-		-	-	-
Integrated Investments LLC	-		-	-	-
Holland Associates Ltd.	-		-	-	-
<b>Total principal taxpayers</b>	<b>93,570,902</b>		<b>4.99%</b>	<b>\$ 48,722,929</b>	<b>\$ 142,293,831</b>
<b>Balance of valuations</b>	<b>1,851,017,917</b>		<b>95.01%</b>		
<b>Total Ad Valorem Valuation</b>	<b>\$ 1,944,588,819</b>		<b>100.00%</b>		

\*NOTE: District Annual Disclosure

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

2006					
Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value	
\$ 6,676,400	6	0.41%	\$ 17,036,092	\$ 23,712,492	-
7,662,258	4	0.47%	-	7,662,258	-
5,062,684	10	0.31%	-	5,062,684	-
10,887,680	1	0.67%	-	10,887,680	-
8,489,599	2	0.52%	-	8,489,599	-
8,064,500	3	0.50%	-	8,064,500	-
7,442,589	5	0.46%	-	7,442,589	-
6,627,300	7	0.41%	-	6,627,300	-
6,042,001	8	0.37%	-	6,042,001	-
5,875,200	9	0.32%	-	5,875,200	-
72,830,211		4.44%	\$ 17,036,092	\$ 89,866,303	
1,746,891,586		95.56%			
\$ 1,819,721,797		100.00%			

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Property Tax Levies and Collections**  
**Fiscal Years 2006-2007 through 2015-2016**

<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>
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%
2015	2015-16	11,185,226	11,038,203	98.69%	148,060	11,181,163	99.96%

\*NOTE: District Annual Disclosure



**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Outstanding Debt by Type**  
**Fiscal Years 2006-2007 through 2015-2016**

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>General Obligation Bonds</i>	<i>Less Pledged Debt Retirement Fund Balance</i>	<i>Net Outstanding Debt</i>	<i>Total Taxable Value</i>	<i>Net Outstanding Debt as a % of Taxable Value</i>	<i>Estimated Population <sup>1</sup></i>	<i>Ratio of Total Net Outstanding Debt to Personal Income</i>	<i>Net Outstanding Debt Per Capita</i>	<i>Taxable Value Per Capita</i>
2006	2006-07	\$ 131,675,018	\$ 564,714	\$131,110,304	\$ 1,828,057,331	7.17%	46,768	0.016	\$ 2,803	\$ 39,088
2007	2007-08	122,200,018	1,449,740	120,750,278	1,915,328,102	6.30%	47,271	0.014	2,554	40,518
2008	2008-09	114,660,018	1,509,801	113,150,217	1,951,540,798	5.80%	47,643	0.013	2,375	40,961
2009	2009-10	106,910,018	1,492,132	105,417,886	1,938,870,946	5.44%	47,986	0.013	2,197	40,405
2010	2010-11	100,759,545	1,067,642	99,691,903	1,842,268,568	5.41%	48,164	0.011	2,070	38,250
2011	2011-12	94,603,939	898,062	93,705,877	1,787,519,721	5.24%	48,333	0.010	1,939	36,983
2012	2012-13	83,477,120	1,478,770	81,998,350	1,774,485,601	4.62%	48,758	0.008	1,682	36,394
2013	2013-14	118,401,024	2,017,266	116,383,758	1,818,830,195	6.40%	49,346	0.011	2,359	36,859
2014	2014-15	110,333,294	1,092,934	109,240,360	1,877,951,419	5.82%	49,964	0.010	2,186	37,586
2015	2015-16	103,854,772	1,618,110	102,236,662	1,948,234,835	5.25%	51,293	N/A	1,993	37,983

<sup>1</sup> Estimated based on an extrapolation of the U.S. Census figures of the local units within the School District.  
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 2006-2007 through 2015-2016**

<i>Tax Year</i>	<i>Fiscal Year</i>	<b>General Obligation Bonds</b>	<b>Less Pledged Debt Retirement Fund Balance</b>	<b>Net General Bonded Debt</b>	<b>State Equalized Value (SEV)</b>	<b>Percent of Net Bonded Debt to State Equalized Value (SEV)</b>	<b>Percent of Bonded Debt to Estimated Actual Value of Taxable Property</b>	<b>Estimated Population <sup>1</sup></b>	<b>Net General Bonded Debt per Capita</b>
2006	2006-07	\$ 131,675,018	\$ 564,714	\$ 131,110,304	\$ 2,201,737,000	5.95%	11.91%	46,768	\$ 2,803
2007	2007-08	122,200,018	1,449,740	120,750,278	2,342,828,700	5.15%	10.31%	47,271	2,554
2008	2008-09	114,660,018	1,509,801	113,150,217	2,380,071,300	4.75%	9.51%	47,643	2,375
2009	2009-10	106,910,018	1,492,132	105,417,886	2,294,698,300	4.59%	9.19%	47,986	2,197
2010	2010-11	100,759,545	1,067,642	99,691,903	2,136,056,000	4.67%	9.33%	48,164	2,070
2011	2011-12	94,603,939	898,062	93,705,877	2,016,024,100	4.65%	9.30%	48,333	1,939
2012	2012-13	83,477,120	1,478,770	81,998,350	1,978,507,800	4.14%	8.29%	48,758	1,682
2013	2013-14	118,401,024	2,017,266	116,383,758	2,033,817,400	5.72%	11.44%	49,346	2,359
2014	2014-15	110,333,294	1,092,934	109,240,360	2,134,733,300	5.12%	10.23%	49,964	2,186
2015	2015-16	103,854,772	1,618,110	102,236,662	2,252,503,900	4.54%	9.08%	51,293	1,993

<sup>1</sup> 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, 2016**

*Year ended June 30, 2016*

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Holland Township	\$ 25,755,415	70.81%	\$ 18,237,410
Olive Township	521,736	44.53%	232,329
Park Township	3,749,530	88.31%	3,311,210
Port Sheldon Township	547,068	32.78%	179,329
Ottawa County	51,616,968	18.77%	9,688,505
Ottawa County ISD	2,970,000	16.39%	486,783
Subtotal, overlapping debt			<u>32,135,566</u>
<b>District Direct Debt</b>			<u>103,854,772</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 135,990,338</u>

\*NOTE: Municipal Advisory Council of Michigan - estimated percentage based on total taxable valuation for each municipality.  
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 2006-2007 through 2015-2016**

**Legal Debt Margin Calculation for Fiscal Year 2015-16:**

State Equalized Valuation (SEV), July 1, 2105	\$ 2,252,503,900
Statutory Debt Limit (15% of SEV)	337,875,585
Debt applicable to limit	<b>102,236,662</b>

<b>Legal Debt Margin</b>	<b>\$ 235,638,923</b>
--------------------------	-----------------------

<i>Tax Year</i>	<i>Fiscal Year</i>	<b>State Equalized Value (SEV)</b>	<b>Statutory Debt Limit 15% of SEV</b>	<b>Debt Subject to Debt Limit</b>	<b>Legal Debt Margin</b>	<b>Debt as a Percentage of Debt Limit</b>
2006	2006-07	\$ 2,201,737,000	\$ 330,260,550	\$ 131,110,304	\$ 199,150,246	39.70%
2007	2007-08	2,342,828,700	351,424,305	120,750,278	230,674,027	34.36%
2008	2008-09	2,380,071,300	357,010,695	113,150,217	243,860,478	31.69%
2009	2009-10	2,294,698,300	344,204,745	105,417,886	238,786,859	30.63%
2010	2010-11	2,136,056,000	320,408,400	99,691,903	220,716,497	31.11%
2011	2011-12	2,016,024,100	302,403,615	93,705,877	208,697,738	30.99%
2012	2012-13	1,978,507,800	296,776,170	81,998,350	214,777,820	27.63%
2013	2013-14	2,033,817,400	305,072,610	116,383,758	188,688,852	38.15%
2014	2014-15	2,134,733,300	320,209,995	109,240,360	210,969,635	34.12%
2014	2015-16	2,252,503,900	337,875,585	102,236,662	235,638,923	30.26%

## **DEMOGRAPHIC & ECONOMIC INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Demographic & Economic Information**  
**Demographic and Economic Statistics**  
**Fiscal Years 2006-2007 through 2015-2016**

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>Estimated Population</i>	<u>Unemployment <sup>1</sup></u>			<i>Inflation Rate <sup>2</sup></i>	<u>Personal Income <sup>3</sup></u>	
			<i>City of Holland and Grand Haven</i>	<i>County of Ottawa</i>	<i>State of Michigan</i>		<i>Total (in thousands)</i>	<i>Per Capita</i>
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%	10,866,601	39,330
2015	2015-16	51,293	3.0%	3.0%	4.9%	0.1%	N/A	N/A

<sup>1</sup> Federal Reserve Economic Data

<sup>2</sup> U.S. Department of Labor - Bureau of Labor Statistics

<sup>3</sup> 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>				<b>2015</b>			<b>2006</b>		
<b>Employer</b>	<b>Employees <sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
Gentex Corporation	4,905	1	4.2%	2,154	4	1.9%			
Herman Miller	3,694	2	3.1%	4,499	1	3.9%			
Grand Valley State University <sup>3</sup>	3,374	3	2.9%	2,703	3	2.4%			
Shape Corporation	2,547	4	2.2%	1,375	9	1.2%			
Holland Hospital	2,032	5	1.7%	1,637	6	1.4%			
Haworth <sup>2</sup>	1,996	6	1.7%	1,850	5	1.6%			
Magna Mirrors <sup>2</sup>	1,805	7	1.5%						
YanFeng	1,564	8	1.3%						
Meijer	1,355	9	1.2%	1,400	8	1.2%			
Grand Haven Public Schools	1,205	10	1.0%						
Johnson Controls <sup>2</sup>	-		0.0%	3,250	2	2.8%			
Magna Donnelly	-		0.0%	1,470	7	1.3%			
County of Ottawa	-		0.0%	1,188	10	1.0%			
	<u>24,477</u>		<u>20.8%</u>	<u>21,526</u>		<u>18.7%</u>			

\*NOTE: Ottawa County 2015 Audited Financial Statements. Total employment in 2015 was 117,599 and in 2006 was 114,448

<sup>1</sup> Excludes temporary employment agencies

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

<sup>3</sup> 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 2006-2007 through 2015-2016**

**Full-Time- Equivalent Employees as of June 30,**

<b>Employee Category</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Administrators	31	27	27	25	25	28	28	29	29	27	29
Teachers	493	484	469	465	451	439	439	442	424	425	425
Clerical/Secretarial	58	48	63	48	32	39	44	42	40	35	35
Food Service	71	53	57	67	75	67	58	50	59	61	59
Educational Assistants/Clerks	141	199	172	116	128	116	71	58	69	68	73
Paraprofessionals	10	17	16	15	14	13	-	-	-	-	-
Maintenance/Grounds/Custodians	58	40	68	61	61	52	34	29	22	22	20
Bus Drivers/Mechanics	69	68	70	73	76	68	61	63	68	66	63
Data/Technology Services	8	10	9	9	8	6	5	5	5	4	3
Child Care	25	18	28	18	19	16	-	-	-	-	-
Security/Other	-	-	-	-	-	-	9	9	9	8	6
<b>Total</b>	<b>964</b>	<b>964</b>	<b>979</b>	<b>897</b>	<b>889</b>	<b>844</b>	<b>749</b>	<b>727</b>	<b>725</b>	<b>716</b>	<b>713</b>

\*NOTE: District Annual Disclosure



## **OPERATIONAL INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Operational Information**  
**Operating Statistics**  
**Fiscal Years 2006-2007 through 2015-2016**

<b>Fiscal Year</b>	<b>Enrollment <sup>1</sup></b>	<b>Percent Change</b>	<b>Operating Expenditures <sup>2</sup></b>	<b>Percent Change</b>	<b>Cost Per Pupil</b>	<b>Percent Change</b>	<b>Percent of Students Receiving Free or Reduced-Price Meals <sup>3</sup></b>
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	2.81%	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	-1.74%	69,007,592	0.93%	9,212	2.72%	54.15%
2011-12	7,435	-0.75%	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	-1.57%	67,426,131	1.61%	9,462	3.24%	54.29%
2015-16	6,964	-2.27%	69,440,696	2.99%	9,971	5.38%	55.05%

<sup>1</sup> Blended count on State Aid Status Reports.

<sup>2</sup> Audited Financial Statements.

<sup>3</sup> 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, 2016**

*Year ended June 30, 2016*

<b>Site</b>	<b>Grade Configuration</b>	<b>Acreage</b>	<b>Date Originally Constructed</b>	<b>Additions</b>	<b>Square Feet</b>
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, 1980, 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, 2016**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2015	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2016
<u>U.S. Department of Agriculture:</u>								
Passed through Michigan Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance (Commodities):								
Entitlement Commodities	10.555	1516	\$ 242,805	\$ -	\$ -	\$ 242,805	\$ 242,805	\$ -
Non-Cash Assistance Subtotal			242,805	-	-	242,805	242,805	-
Cash Assistance:								
National School Breakfast Program	10.553	161970	562,463	-	-	562,463	534,244	28,219
National School Breakfast Program	10.553	151970	604,699	17,989	529,251	57,460	75,449	-
			1,167,162	17,989	529,251	619,923	609,693	28,219
National School Lunch Program - Free & Reduced	10.555	161960	1,574,536	-	-	1,574,536	1,507,904	66,632
National School Lunch Program - Free & Reduced	10.555	151960	1,708,689	39,645	1,484,121	184,923	224,568	-
			3,283,225	39,645	1,484,121	1,759,459	1,732,472	66,632
National School Lunch Program - Afterschool Snack	10.555	161980	2,214	-	-	2,214	2,145	69
National School Lunch Program - Afterschool Snack	10.555	151980	3,288	18	3,175	95	113	-
			5,502	18	3,175	2,309	2,258	69
Summer Food Service Program	10.559	150900/151900	82,332	-	-	78,541	60,257	18,284
Summer Food Service Program	10.559	151900	61,740	22,075	71,293	-	22,075	-
			144,072	22,075	71,293	78,541	82,332	18,284
Cash Assistance Subtotal			4,599,961	79,727	2,087,840	2,460,232	2,426,755	113,204
Total Child Nutrition Cluster			4,842,766	79,727	2,087,840	2,703,037	2,669,560	113,204
Child and Adult Care Food Program	10.558	151920/161920	67,786	-	-	73,029	73,029	-
Total U.S. Department of Agriculture			4,910,552	79,727	2,087,840	2,776,066	2,742,589	113,204

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2015	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2016
<u>U.S. Department of Education:</u>								
Passed through Michigan Department of Education:								
Title IA - Improving Basic Instruction	84.010	161530-1516	\$ 1,273,917	\$ -	\$ -	\$ 1,114,580	\$ 907,738	\$ 206,842
Title IA - Improving Basic Instruction	84.010	151530-1415	1,119,512	143,307	918,376	-	143,307	-
			2,393,429	143,307	918,376	1,114,580	1,051,045	206,842
Title IC - Migrant Education (School Year)	84.011	161890-1516	210,369	-	-	185,274	160,996	24,278
Title IC - Migrant Education (School Year)	84.011	151890-1415	206,602	19,541	180,376	-	19,541	-
Title IC - Migrant Education (Summer)	84.011A	161830-1516	337,087	-	-	71,016	-	71,016
Title IC - Migrant Education (Summer)	84.011A	151830-1415	229,295	44,907	44,907	165,969	210,876	-
			983,353	64,448	225,283	422,259	391,413	95,294
Title IIA - Teacher/Principal Training & Recruiting	84.367	160520-1516	285,794	-	-	154,442	153,750	692
Title IIA - Teacher/Principal Training & Recruiting	84.367	150520-1415	267,726	2,712	129,346	-	2,712	-
			553,520	2,712	129,346	154,442	156,462	692
Title III - English Language Acquisition	84.365A	160580-1516	211,684	-	-	175,743	159,273	16,470
Title III - English Language Acquisition	84.365A	150580-1415	166,758	992	101,283	-	992	-
			378,442	992	101,283	175,743	160,265	16,470
Total passed through Michigan Department of Education			4,308,744	211,459	1,374,288	1,867,024	1,759,185	319,298

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2015	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2016
<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	160450-1516	\$ 1,100,623	\$ -	\$ -	\$ 1,100,623	\$ 645,888	\$ 454,735
I.D.E.A. - Flow Through	84.027A	150450-1415	1,175,845	514,771	1,175,845	-	514,771	-
			<u>2,276,468</u>	<u>514,771</u>	<u>1,175,845</u>	<u>1,100,623</u>	<u>1,160,659</u>	<u>454,735</u>
I.D.E.A. - Preschool	84.173A	160460-1516	36,350	-	-	36,350	21,152	15,198
I.D.E.A. - Preschool	84.173A	150460-1415	38,755	14,587	38,755	-	14,587	-
			<u>75,105</u>	<u>14,587</u>	<u>38,755</u>	<u>36,350</u>	<u>35,739</u>	<u>15,198</u>
Total Special Education Cluster			<u>2,351,573</u>	<u>529,358</u>	<u>1,214,600</u>	<u>1,136,973</u>	<u>1,196,398</u>	<u>469,933</u>
Homeless Students' Assistance	84.196A	152320-1516	878	-	-	878	622	256
Homeless Students' Assistance	84.196A	152320-1415	1,155	26	1,155	-	26	-
			<u>2,033</u>	<u>26</u>	<u>1,155</u>	<u>878</u>	<u>648</u>	<u>256</u>
Total U.S. Department of Education passed through Ottawa Area Intermediate School District			<u>2,353,606</u>	<u>529,384</u>	<u>1,215,755</u>	<u>1,137,851</u>	<u>1,197,046</u>	<u>470,189</u>
Total U.S. Department of Education			<u>6,662,350</u>	<u>740,843</u>	<u>2,590,043</u>	<u>3,004,875</u>	<u>2,956,231</u>	<u>789,487</u>
<u>U.S. Department of Health and Human Services:</u>								
Passed through Ottawa Area Intermediate School District (OAISD):								
School Based Medicaid	93.778	1516 Program	4,382	-	-	4,382	4,382	-
TOTAL FEDERAL AWARDS			<u>\$ 11,577,284</u>	<u>\$ 820,570</u>	<u>\$ 4,677,883</u>	<u>\$ 5,785,323</u>	<u>\$ 5,703,202</u>	<u>\$ 902,691</u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of West Ottawa Public Schools under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The District qualifies for low-risk auditee status. Management has utilized the Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal funds.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and 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. West Ottawa Public Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS**

Federal expenditures are reported as revenue in the following funds in the financial statements June 30, 2016:

General fund	\$ 3,009,257
Other nonmajor governmental fund	<u>2,776,066</u>
Total per financial statements	<u><u>\$ 5,785,323</u></u>



**INDEPENDENT AUDITOR'S 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***

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, 2016, 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 September 30, 2016.

**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.

*Manes Costeiran PC*

September 30, 2016

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

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Maney Costeiran PC*

September 30, 2016

**WEST OTTAWA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**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 that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? ☐ \_\_\_\_\_ 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:     \$750,000    

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, 2016**

There were no audit findings required to be reported on this schedule for the year ended June 30, 2015.



*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