

# **WEST OTTAWA PUBLIC SCHOOLS**

**Holland, Michigan**

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended  
JUNE 30, 2017**

**Prepared by:**

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

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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*

*Associate Superintendent Business Services  
Jim English*

*Director of Human Resources  
Jens Milobinski*

*Associate Superintendent Student Services  
Jeri Page*

September 27, 2017

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 Associate Superintendent of Business Services. It serves as an introduction to our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. 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 6,848 students. The projected enrollment for the 2017-18 fiscal year is 6,694. 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 12 to 64 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 Associate 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 three 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 third 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,

A handwritten signature in black ink, appearing to read 'T. K. Martin', with a large, sweeping initial 'T'.

Thomas K. Martin  
Superintendent of Schools

A handwritten signature in black ink, appearing to read 'J. English', with a large, stylized initial 'J'.

James English  
Associate Superintendent  
of Business Services

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

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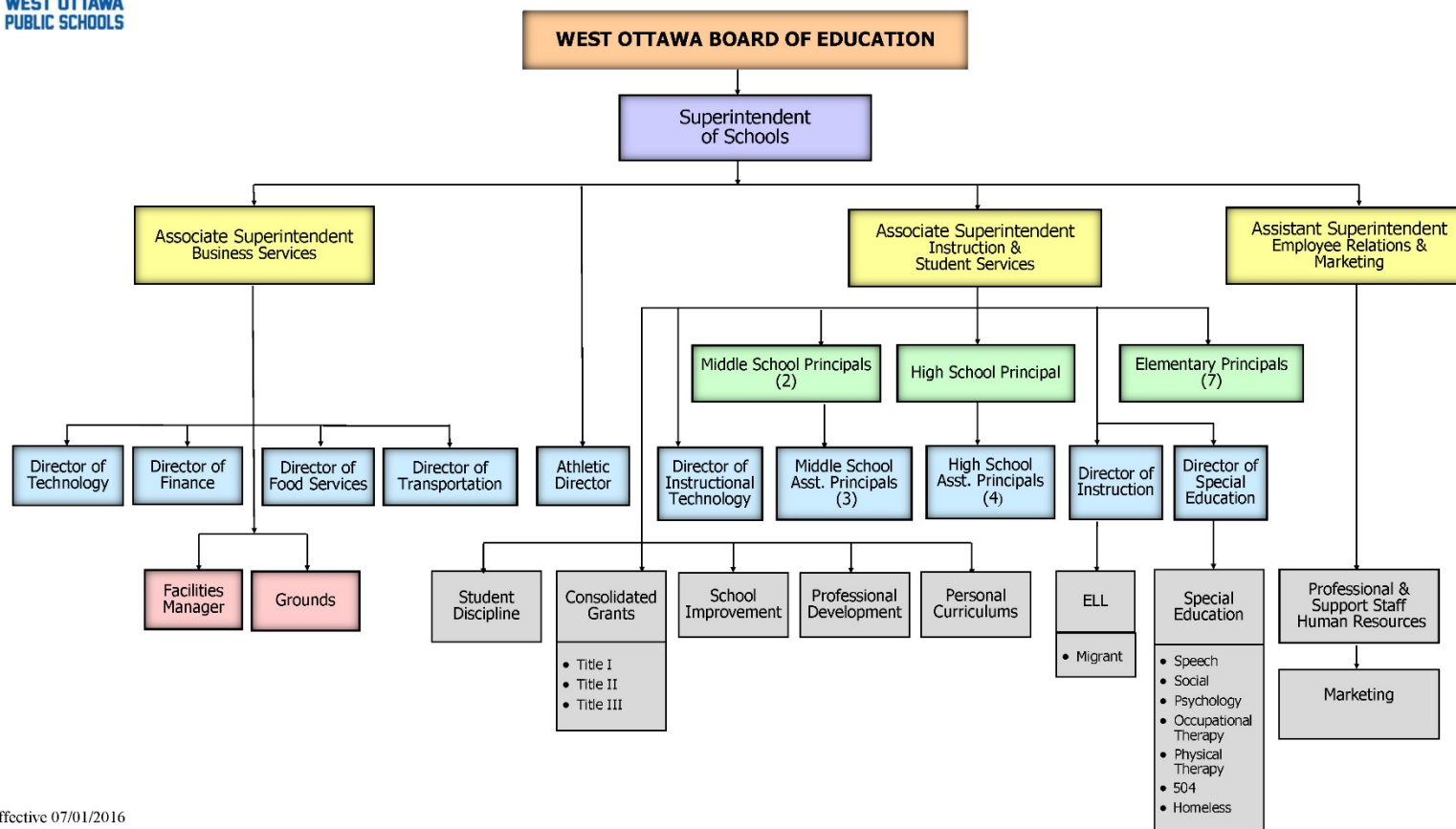
**2017 Board of Education**

President	Lynn Rutan
Vice President	Kate McCoy
Secretary	Darrin Duistermars
Trustee	Cathy Lebster
Trustee	Sue McKanna
Trustee	Douglas Mahn
Trustee	Randy Schipper

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

**2016 - 2017 Administrative Staff**

Superintendent	Thomas Martin
Associate Superintendent of Business Services	James English
Assistant Superintendent of Employee Relations & Marketing	Greg Warsen
Associate Superintendent of Instruction and Student Services	Jeri Page



Effective 07/01/2016



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, 2016**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'.

**Anthony N. Dragona, Ed.D., RSBA**  
President

A handwritten signature in black ink, appearing to read '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, 2017, and the related notes to the financial statements, which collectively comprise the West Ottawa Public Schools' 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, 2017, 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 and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Ottawa Public Schools basic financial statements. The additional supplementary information, as identified in the table of contents, 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 27, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Ottawa Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Ottawa Public Schools' internal control over financial reporting and compliance.

*Maney Costeiran PC*

September 27, 2017

## **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, 2017.

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, 2017 and 2016.

Table 1 West Ottawa Public Schools Net Position (in Millions)			
	2017	2016	Change
Current assets	\$ 47.02	\$ 65.78	\$ (18.76)
Capital assets, net	142.32	126.96	15.36
Total assets	189.34	192.74	(3.40)
Deferred outflow of resources	15.21	13.27	1.94
Long-term liabilities outstanding	116.42	127.40	(10.98)
Other liabilities	10.67	12.52	(1.85)
Net pension liability	114.83	112.89	1.94
Total liabilities	241.92	252.81	(10.89)
Deferred inflows of resources	4.31	3.81	0.50
Net position:			
Net investment in capital assets	42.70	34.55	8.15
Restricted	0.46	1.25	(0.79)
Unrestricted	(84.84)	(86.41)	1.57
Total net position	\$ (41.68)	\$ (50.61)	\$ 8.93

The District's combined net position at the beginning of the fiscal year was (\$50,613,080) and on June 30, 2017 it was (\$41,678,991) which represents an increase of \$8,934,089 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.

## Capital Assets

At June 30, 2017, the District had invested over \$225 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 \$4.5 million, bringing accumulated depreciation to \$82.7 million as of June 30, 2017.

	2017			2016
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 6,129,748	\$ -	\$ 6,129,748	\$ 6,129,748
Construction in progress	5,390,166	-	5,390,166	6,156,057
Buildings and improvements	195,533,745	70,667,064	124,866,681	110,361,558
Furniture and equipment	12,410,287	9,054,668	3,355,619	2,451,270
Buses and other vehicles	5,522,009	2,939,779	2,582,230	1,861,860
Total	<u>\$ 224,985,955</u>	<u>\$ 82,661,511</u>	<u>\$ 142,324,444</u>	<u>\$ 126,960,493</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, 2017, the District had approximately \$116 million in long-term obligations outstanding. This represents a decrease of approximately \$11 million from the amount outstanding at the close of the prior fiscal year. The decrease is due to the retirement of principal as part of routine annual debt payments. During the year the District refunded a portion of the 2008 refunding bonds. The refunding caused the District's overall long-term debt to decrease by \$610,000.

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.

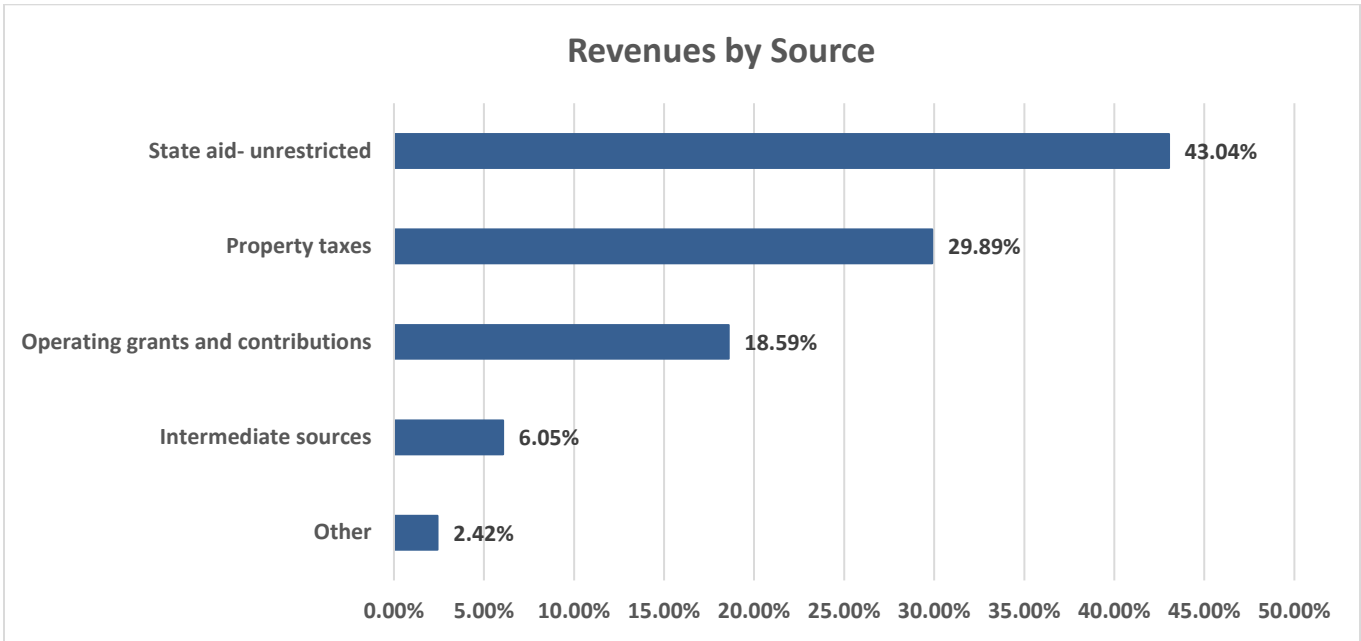
## Results of Operations

For the fiscal years ended June 30, 2017 and 2016, the results of operations, on a district-wide basis were:

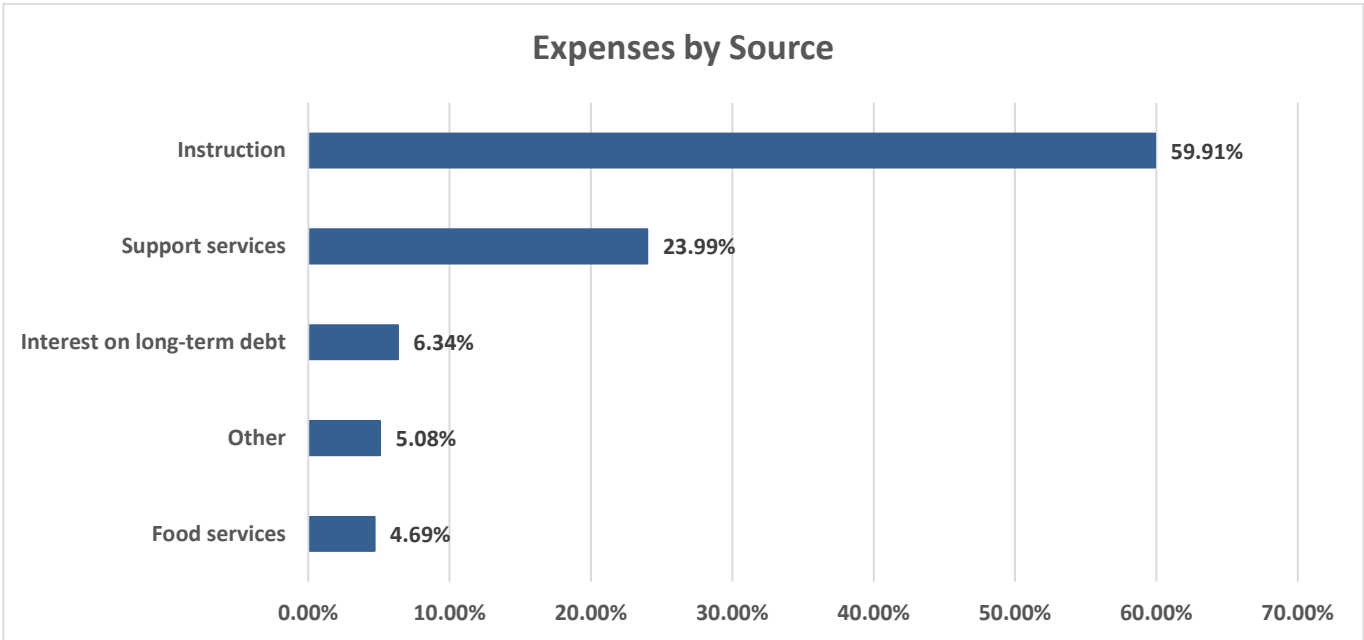
	2017	2016	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,410,290	\$ 1,184,784	\$ 225,506
Operating grants and contributions	17,038,196	13,200,958	3,837,238
General revenues:			
Property taxes	27,399,054	27,347,539	51,515
Investment earnings	268,130	354,031	(85,901)
State aid - unrestricted	39,447,322	39,589,543	(142,221)
Intermediate sources	5,548,347	5,084,906	463,441
Other	543,703	766,481	(222,778)
Total revenues	<u>91,655,042</u>	<u>87,528,242</u>	<u>4,126,800</u>
Expenses:			
Instruction	49,124,124	48,231,758	892,366
Support services	19,777,059	20,069,557	(292,498)
Community services	271,776	300,021	(28,245)
Food services	3,864,801	3,489,817	374,984
Outgoing transfers and other transactions	-	3,225	(3,225)
Interest on long-term debt	5,225,389	5,396,764	(171,375)
Unallocated depreciation	4,457,804	3,918,569	539,235
Total expenses	<u>82,720,953</u>	<u>81,409,711</u>	<u>1,311,242</u>
Change in net position	8,934,089	6,118,531	2,815,558
Net position, beginning of year	<u>(50,613,080)</u>	<u>(56,731,611)</u>	<u>6,118,531</u>
Net position, end of year	<u>\$ (41,678,991)</u>	<u>\$ (50,613,080)</u>	<u>\$ 8,934,089</u>

In most of the above categories, the differences between the 2015-2016 fiscal year and the 2016-2017 fiscal year (change) would generally be considered well within the normal range.

One notable change in revenue was the increase in revenue from the Intermediate School District (ISD) which was due to a one-time additional payment from Ottawa Area ISD. A one-time municipal derivative debt payment to West Ottawa Public Schools in 2015-16 is shown as a reduction in other revenue in 2016-17.



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 increase in food service expenses is related to capital outlay investments for replacement equipment and serving lines but still remains a low percentage of the District’s total expense.



## 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.

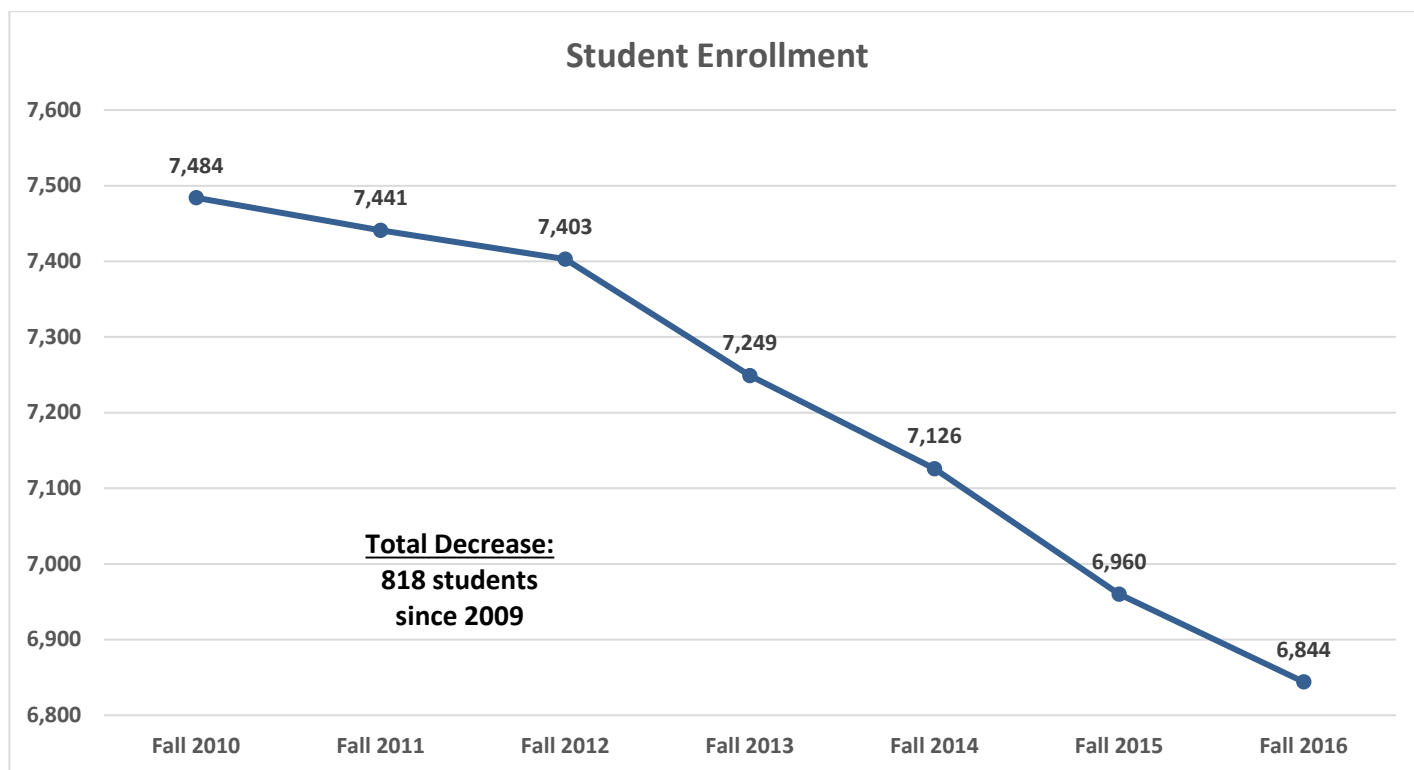
### State Sources

The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's October (2016) count and 10% of the prior year's February (2016) count. The state per-pupil allocation was \$7,391 for 2015-2016 and increased by \$120 per pupil for 2016-2017 to \$7,511 per pupil.

### Student Enrollment

The District's enrollment for the fall count of 2016-2017 was 6,844 students. This is a decrease of 116 students or 1.7% from the prior fall. The decrease can be partly attributed to lower birth rates translating into less students. Historical data is included below.

Year	Enrollment	Change from Prior Year
Fall 2016	6,844	-116
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 2016-2017 fiscal year, the District's net property tax revenues for general purposes were \$11,519,032. This was an increase of 2.6% 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 \$15,292,320.

West Ottawa Public Schools levied a 0.2979 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 \$587,702.

### *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 \$38.4 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 2016-2017 were about \$6.2 million, up approximately \$631,000 from the prior year. The District contributed around \$14.5 million toward employees' pension and other postemployment benefits, an increase of 1% over 2016-2017. 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 2016-2017 fiscal year, the District amended the general fund budget, with the Board adopting the final changes in June 2017. 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>\$ 69,925,000</u>	<u>\$ 72,135,000</u>	<u>\$ 72,256,019</u>	<u>\$ 121,019</u>	0.17%
<b>Expenditures and other financing uses</b>					
Instruction	\$ 49,250,000	\$ 48,775,000	\$ 48,737,298	\$ 37,702	0.08%
Support services	21,450,000	20,530,000	20,224,402	305,598	1.49%
Community services	320,000	300,000	271,776	28,224	9.41%
Other financing uses	<u>195,000</u>	<u>1,330,000</u>	<u>1,328,303</u>	<u>1,697</u>	0.13%
<b>Total expenditures and other financing uses</b>	<u>\$ 71,215,000</u>	<u>\$ 70,935,000</u>	<u>\$ 70,561,779</u>	<u>\$ 373,221</u>	0.53%

The actual revenues and other financing sources for the general fund were about \$72.3 million. This is above the final amended budget by \$121,019 or 0.17%. The actual general fund expenditures and other financing uses were \$70.6 million. This is below the final amended budget amount by .53%. The majority of the variances are near 1% and are not significant other than the community services budget variance which has a small dollar variance but a higher percentage variance because the community services expense amount is not very large. The District did not overspend any of the expense line items above.

## Analysis of Financial Position

The District had a general fund increase of \$1,694,240 in 2016-2017. The surplus is the result of conservative fiscal planning in anticipation of future deficits as the State of Michigan faces projected significant budgetary challenges in a couple years and funding increases are not likely to keep pace with inflation.

The accumulated fund balance is approximately \$14.9 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 \$37.8 million, this was a decrease of \$16.9 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. Projects incurring significant expenditures during 2016-2017 included mechanical system improvements at Macatawa Bay Middle School and Woodside Elementary, building management system improvements at multiple buildings, fueling station construction, technology purchases and Middle School site improvements. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>2014 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>FUND BALANCE</b>				
Beginning of year	\$ 13,251,453	\$ 35,101,562	\$ 6,395,920	\$ 54,748,935
Increase (decrease)	1,694,240	(18,501,194)	(104,390)	(16,911,344)
<b>End of year</b>	<u>\$ 14,945,693</u>	<u>\$ 16,600,368</u>	<u>\$ 6,291,530</u>	<u>\$ 37,837,591</u>

## 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 \$630 million designated for K-12 funding to give it to higher education institutions and community colleges in 2017-2018. This is more than a \$120 million increase in diverted K-12 funds over the prior year amount. 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.
- In the past five 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 2017 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.
- The District building and site fund millage expires in 2019 unless the Board of Education decides to seek a renewal through a ballot proposal.

### **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 Associate Superintendent of 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, 2017**

	<b>Governmental activities</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 14,880,201
Investments	3,821,783
Receivables:	
Accounts receivable	3,667
Taxes receivable	48,119
Interest receivable	74,279
Intergovernmental	9,922,351
Inventories	34,575
Prepays	122,146
Restricted cash - capital projects	3,070,850
Restricted investments - capital projects	15,039,330
Capital assets not being depreciated	11,519,914
Capital assets, net of accumulated depreciation	130,804,530
<b>TOTAL ASSETS</b>	<b>189,341,745</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Related to pensions	15,209,858
<b>LIABILITIES:</b>	
Accounts payable	1,546,987
Accrued salaries and related items	4,767,144
Accrued retirement	1,678,432
Accrued interest	1,489,686
Intergovernmental payable	106
Due to fiduciary fund	299
Unearned revenue	1,186,742
Noncurrent liabilities:	
Due within one year	6,683,295
Due in more than one year	109,736,720
Net pension liability	114,833,132
<b>TOTAL LIABILITIES</b>	<b>241,922,543</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred charge on refunding	70,922
Related to pensions	707,021
Related to state aid funding for pension	3,530,108
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,308,051</b>
<b>NET POSITION:</b>	
Net investment in capital assets	42,699,323
Restricted for debt service	(100,064)
Restricted for capital projects	562,714
Unrestricted	(84,840,964)
<b>TOTAL NET POSITION</b>	<b>\$ (41,678,991)</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, 2017**

Functions/programs	Expenses	Program revenues		Governmental activities
		Charges for services	Operating grants	Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	\$ 49,124,124	\$ 109,019	\$ 10,085,872	\$ (38,929,233)
Support services	19,777,059	130,975	3,920,713	(15,725,371)
Community services	271,776	-	87,113	(184,663)
Food services	3,864,801	1,170,296	2,944,498	249,993
Interest on long-term debt	5,225,389	-	-	(5,225,389)
Unallocated depreciation	4,457,804	-	-	(4,457,804)
Total governmental activities	<u>\$ 82,720,953</u>	<u>\$ 1,410,290</u>	<u>\$ 17,038,196</u>	<u>(64,272,467)</u>
General revenues:				
Property taxes, levied for general purposes				11,519,032
Property taxes, levied for debt service				15,292,320
Property taxes, levied for capital projects sinking fund				587,702
Investment earnings				268,130
State sources				39,447,322
Intermediate sources				5,548,347
Other				543,703
Total general revenues				<u>73,206,556</u>
<b>CHANGE IN NET POSITION</b>				<u>8,934,089</u>
<b>NET POSITION, beginning of year</b>				<u>(50,613,080)</u>
<b>NET POSITION, end of year</b>				<u><u>\$ (41,678,991)</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, 2017**

	<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	\$ 9,390,317	\$ -	\$ 5,489,884	\$ 14,880,201
Investments	3,060,824	-	760,959	3,821,783
Receivables:				
Property taxes receivable	29,882	-	18,237	48,119
Accounts receivable	1,601	-	2,066	3,667
Interest receivable	-	74,279	-	74,279
Intergovernmental	9,797,249	-	125,102	9,922,351
Due from other funds	212,034	-	-	212,034
Inventories	-	-	34,575	34,575
Prepays	115,131	-	7,015	122,146
Restricted cash - capital projects	-	3,070,850	-	3,070,850
Restricted investments - capital projects	-	15,039,330	-	15,039,330
<b>TOTAL ASSETS</b>	<b>\$ 22,607,038</b>	<b>\$ 18,184,459</b>	<b>\$ 6,437,838</b>	<b>\$ 47,229,335</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 86,674	\$ 1,436,395	\$ 23,918	\$ 1,546,987
Accrued salaries and related items	4,759,546	-	7,598	4,767,144
Accrued retirement	1,677,591	-	841	1,678,432
Intergovernmental payable	-	-	106	106
Due to other funds	-	147,696	64,338	212,034
Due to fiduciary fund	299	-	-	299
Unearned revenue	1,137,235	-	49,507	1,186,742
<b>TOTAL LIABILITIES</b>	<b>7,661,345</b>	<b>1,584,091</b>	<b>146,308</b>	<b>9,391,744</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	\$ -	\$ -	\$ 34,575	\$ 34,575
Prepays	115,131	-	7,015	122,146
Restricted:				
Food service	-	-	819,499	819,499
Capital projects	-	16,600,368	562,714	17,163,082
Debt service	-	-	1,389,622	1,389,622
Assigned:				
Subsequent year expenditures	-	-	1,420,000	1,420,000
Capital projects	-	-	2,058,105	2,058,105
Unassigned	14,830,562	-	-	14,830,562
<b>TOTAL FUND BALANCES</b>	<b>14,945,693</b>	<b>16,600,368</b>	<b>6,291,530</b>	<b>37,837,591</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 22,607,038</b>	<b>\$ 18,184,459</b>	<b>\$ 6,437,838</b>	<b>\$ 47,229,335</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, 2017**

<b>Total governmental fund balances</b>	\$ 37,837,591
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred charges on refunding, net of amortization	(70,922)
Deferred outflows of resources - related to pensions	15,209,858
Deferred inflows of resources - related to pensions	(707,021)
Deferred inflows of resources - related to state pension funding	(3,530,108)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	224,985,955
Accumulated depreciation is	(82,661,511)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(104,138,204)
Accreted interest on capital appreciation bonds	(12,016,363)
Compensated absences and termination benefits	(265,448)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(1,489,686)
Net pension liability	(114,833,132)
<b>Net position of governmental activities</b>	<u><u>\$ (41,678,991)</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, 2017**

	<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	\$ 11,519,032	\$ -	\$ 15,880,022	\$ 27,399,054
Tuition	109,019	-	-	109,019
Investment earnings	74,315	124,266	69,549	268,130
Food sales	-	-	1,140,209	1,140,209
Other	224,465	45,949	330,915	601,329
Total local sources	11,926,831	170,215	17,420,695	29,517,741
State sources	50,725,248	-	571,211	51,296,459
Federal sources	2,848,826	-	2,787,516	5,636,342
Incoming transfers and other	5,633,943	-	29,425	5,663,368
Total revenues	71,134,848	170,215	20,808,847	92,113,910
<b>EXPENDITURES:</b>				
Current:				
Instruction	48,737,298	-	-	48,737,298
Supporting services	20,224,402	-	-	20,224,402
Food service activities	-	-	3,855,129	3,855,129
Community service activities	271,776	-	-	271,776
Capital outlay	-	17,720,102	928,491	18,648,593

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

	<u>General fund</u>	<u>2014 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>EXPENDITURES: (Concluded)</b>				
Debt service:				
Principal repayment	\$ -	\$ -	\$ 6,607,650	\$ 6,607,650
Interest	-	-	8,862,209	8,862,209
Payment to refunding bond escrow agent	-	-	487,500	487,500
Bond issuance costs	-	-	40,771	40,771
Other	-	1,136	1,743	2,879
Total expenditures	<u>69,233,476</u>	<u>17,721,238</u>	<u>20,783,493</u>	<u>107,738,207</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,901,372</u>	<u>(17,551,023)</u>	<u>25,354</u>	<u>(15,624,297)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	-	5,715,000	5,715,000
Payment to refunding bond escrow agent	-	-	(5,673,744)	(5,673,744)
Transfer in	1,121,171	-	667,731	1,788,902
Transfer out	-	(950,171)	(838,731)	(1,788,902)
Other	(1,328,303)	-	-	(1,328,303)
Total other financing sources (uses)	<u>(207,132)</u>	<u>(950,171)</u>	<u>(129,744)</u>	<u>(1,287,047)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,694,240</u>	<u>(18,501,194)</u>	<u>(104,390)</u>	<u>(16,911,344)</u>
<b>FUND BALANCES:</b>				
Beginning of year	<u>13,251,453</u>	<u>35,101,562</u>	<u>6,395,920</u>	<u>54,748,935</u>
End of year	<u>\$ 14,945,693</u>	<u>\$ 16,600,368</u>	<u>\$ 6,291,530</u>	<u>\$ 37,837,591</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, 2017**

<b>Net change in fund balances total governmental funds</b>	<b>\$ (16,911,344)</b>
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	(4,457,804)
Capital outlay	19,822,340
Unrecovered cost on asset disposal	(585)
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	1,490,378
Accrued interest payable, end of the year	(1,489,686)
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:	
Proceeds on debt refunding	(5,715,000)
Debt refunded	5,865,000
Payments on debt	6,607,650
Premium on the debt refunding	11,671
Net decrease in accretion on bonds	3,636,128
Deferred charge on refunding	284,573
Amortization of bond premium	597,081
Amortization of deferred charges on refunding	(1,782)
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	241,599
Accrued compensated absences and termination benefits, end of the year	(265,448)
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	(322,399)
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	(458,283)
<b>Change in net position of governmental activities</b>	<b>\$ 8,934,089</b>

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, 2017**

	<u><b>Agency fund</b></u>
<b>ASSETS:</b>	
Cash	\$ 882,978
Investments	426,473
Due from general fund	<u>299</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,309,750</u></u>
<b>LIABILITIES:</b>	
Accrued salaries and related items	\$ 5,006
Accrued retirement	1,180
Due to student and other groups	<u>1,303,564</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,309,750</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>\$ 47,375,118</u>
Expenditures	<u>\$ 30,774,750</u>

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

#### Other nonmajor 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 capital 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, 2017. 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 acquisition 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)**

**6. Deferred outflows/inflows of resources (Concluded)**

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, 2017, 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	0.2979

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, 2017, 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	\$ 4,101,011	0.0027	N/A	21.27%
United States Treasury Notes	10,438,319	0.4318	AA+	54.12%
Chemical Bank - CD	500,000	1.2231	N/A	2.59%
Lake Michigan Credit Union - CD	1,222,419	0.1431	N/A	6.34%
Chemical Bank - CD	1,030,301	0.6318	N/A	5.34%
Flagstar - CD	504,060	0.6372	N/A	2.61%
Chemical Bank - CD	403,285	0.8613	N/A	2.09%
Lake Michigan Credit Union - CD	304,476	0.7479	N/A	1.58%
Lake Michigan Credit Union - CD	254,699	0.9126	N/A	1.32%
Lake Michigan Credit Union - CD	254,473	0.9126	N/A	1.32%
First United Credit Union - CD	251,356	0.2673	N/A	1.30%
FDIC insured deposit account	10,366	0.0027	N/A	0.05%
United States Treasury Debentures	12,821	4.7251	AA+	0.07%
Total fair value	<u>\$ 19,287,586</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.3861</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, 2017, 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, 2017, \$20,949,250 of the District's bank balance of \$21,449,250 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$18,834,029.

**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, 2017, the carrying amount is as follows:

Deposits	\$ 18,834,029
Investments	19,287,586
	<u>\$ 38,121,615</u>

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

Cash and cash equivalents:	
Government wide - unrestricted	\$ 14,880,201
Government wide - restricted	3,070,850
Agency	882,978
Investments:	
Government wide - unrestricted	3,821,783
Government wide - restricted	15,039,330
Agency	426,473
	<u>\$ 38,121,615</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, 2016	Additions	Deletions	Balance June 30, 2017
Assets not being depreciated:				
Land	\$ 6,129,748	\$ -	\$ -	\$ 6,129,748
Construction in progress	6,156,057	5,390,166	6,156,057	5,390,166
Subtotal	12,285,805	5,390,166	6,156,057	11,519,914
Other capital assets:				
Buildings and improvements	177,357,572	18,176,173	-	195,533,745
Furniture and equipment	11,900,839	1,255,119	745,671	12,410,287
Buses and other vehicles	5,204,898	1,156,939	839,828	5,522,009
Subtotal	194,463,309	20,588,231	1,585,499	213,466,041
Accumulated depreciation:				
Buildings and improvements	66,996,014	3,671,050	-	70,667,064
Furniture and equipment	9,449,569	350,185	745,086	9,054,668
Buses and other vehicles	3,343,038	436,569	839,828	2,939,779
Total accumulated depreciation	79,788,621	4,457,804	1,584,914	82,661,511
Net capital assets being depreciated	114,674,688	16,130,427	585	130,804,530
Net governmental capital assets	<u>\$ 126,960,493</u>	<u>\$ 21,520,593</u>	<u>\$ 6,156,642</u>	<u>\$ 142,324,444</u>

Depreciation expense for the fiscal year ended June 30, 2017 amounted to \$4,457,804. 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, 2017 consist of the following:

State aid	\$ 9,093,648
Federal revenue	597,258
Intermediate sources and other	231,445
	<u>\$ 9,922,351</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, 2017:

	Accumulated compensated absences and termination benefits	Bonds and other debt	Total
Balance, July 1, 2016	\$ 241,599	\$ 127,157,097	\$ 127,398,696
Additions	23,849	5,715,000	5,738,849
Deletions	-	(16,717,530)	(16,717,530)
Balance, June 30, 2017	265,448	116,154,567	116,420,015
Due within one year	26,545	6,656,750	6,683,295
Due in more than one year	<u>\$ 238,903</u>	<u>\$ 109,497,817</u>	<u>\$ 109,736,720</u>

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

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

Bonds payable at June 30, 2017 is comprised of the following issues:

1992 refunding bonds - \$51,425,000, due in annual installments of \$1,246,750 to \$1,286,416 through May 1, 2020 with interest at 6.400%; including accreted interest on capital appreciation bonds of \$12,016,363.	\$ 15,818,486
2008 refunding bonds - \$9,975,000, due in one annual installment of \$380,000 on May 1, 2018 with interest at 4.00%.	380,000
2012 Series A refunding bonds - \$76,745,000, due in annual installments of \$2,050,000 to \$4,345,000 through May 1, 2032 with interest from 3.500% to 5.000%.	37,105,000
2012 Series B refunding bonds - \$34,940,000, due in annual installments of \$1,720,000 to \$2,355,000 through May 1, 2020 with interest from 3.000% to 5.000%.	6,115,000
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%.	39,250,000
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%.	4,730,000
2016 refunding bonds - \$5,715,000, due in annual installments of \$200,000 to \$965,000 through November 1, 2026 with interest at 1.690%.	5,715,000
Plus premium on bond refunding	<u>7,041,081</u>
Total general obligation debt	116,154,567
Obligation under contract for compensated absences and termination benefits	<u>265,448</u>
Total general long-term debt	<u><u>\$ 116,420,015</u></u>

On December 6, 2016, the District issued general obligation bonds of \$5,715,000 with an interest rate of 1.69% and made a payment of \$487,500 to advance refund a portion of the District's outstanding 2008 refunding bonds with an interest rate of 4% to 4.125%. The bonds mature at various times through May 1, 2026. The general obligation bonds were issued with no premium or discount after paying issuance costs of \$40,771. The net proceeds were \$5,674,744. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's government-wide financial statements.



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

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

As a result of the advance refunding, the District reduced its total debt service requirements by \$610,000, creating an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$648,118.

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, 2017, \$72,615,000 of bonds outstanding are considered defeased.

The annual requirements to amortize debt outstanding as of June 30, 2017, including interest payments of \$53,470,268 are as follows:

Year ending June 30,	Principal	Interest	Total
2018	\$ 6,656,750	\$ 9,034,702	\$ 15,691,452
2019	5,333,957	9,320,044	14,654,001
2020	4,206,416	9,637,645	13,844,061
2021	8,790,000	3,517,618	12,307,618
2022	8,695,000	3,150,186	11,845,186
2023 - 2027	29,785,000	10,885,087	40,670,087
2028 - 2032	20,080,000	5,606,860	25,686,860
2033 - 2037	9,425,000	2,070,126	11,495,126
2038 - 2039	4,125,000	248,000	4,373,000
	<u>97,097,123</u>	<u>53,470,268</u>	<u>150,567,391</u>
Accreted interest on capital appreciation bonds	12,016,363	-	12,016,363
Premium on bond refunding	7,041,081	-	7,041,081
Accumulated compensated absences and termination benefits	265,448	-	265,448
	<u>\$ 116,420,015</u>	<u>\$ 53,470,268</u>	<u>\$ 169,890,283</u>

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

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

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2017 are as follows:

Receivable fund		Payable fund	
Agency fund	\$ 299	General fund	\$ 299
General fund	212,034	Building transfer fund	14,909
		Food service fund	49,429
		2014 Capital projects fund	147,696
	<u>\$ 212,333</u>		<u>\$ 212,333</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.

**NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS**

**Plan Description**

The Michigan Public School Employees' Retirement System (MPERS) (System) 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. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www://michigan.gov/mpsers-cafr](http://www://michigan.gov/mpsers-cafr).

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

**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 MPERS 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

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

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

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. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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%.

#### **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).

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

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

**Regular Retirement (no reduction factor for age)**

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 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 Plan (PPP) members, age 60 with 10 years of credited service.

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

**Pension Plus**

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

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

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

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

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

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

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

**Employer Contributions**

Employers 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. The unfunded (overfunded) actuarial accrued liability as of September 30, 2016 valuation will be amortized over a 20-year period for fiscal 2016.

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:

October 1, 2015 - September 30, 2016	14.56% - 18.95%
October 1, 2016 - September 30, 2017	15.27% - 19.03%

The District's pension contributions for the year ended June 30, 2017 were equal to the required contribution total. Pension contributions were approximately \$10,740,000 with \$10,526,000 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 (72.88% for pension and 27.12% 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, 2017, the District reported a liability of \$114,833,132 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2015 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, 2016 and 2015, the District's proportion was 0.46027% and 0.46219%.

<i>MPSERS (Plan) Non-university employers:</i>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Total Pension Liability	\$ 67,917,445,078	\$ 66,312,041,902
Plan Fiduciary Net Position	\$ 42,968,263,308	\$ 41,887,015,147
Net Pension Liability	\$ 24,949,181,770	\$ 24,425,026,755
Proportionate share	0.46027%	0.46219%
Net Pension liability for the District	\$ 114,833,132	\$ 112,891,123

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

For the year ended June 30, 2017, the District recognized pension expense of \$7,318,482. 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, 2017.

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

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

At June 30, 2017, 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	\$ 1,795,326	\$ -
Net difference between projected and actual earnings on pension plan investments	1,908,526	-
Differences between expected and actual experience	1,431,124	272,157
Changes in proportion and differences between employer contributions and proportionate share of contributions	506,231	434,864
Reporting Unit's contributions subsequent to the measurement date	9,568,651	-
	<u>\$ 15,209,858</u>	<u>\$ 707,021</u>

\$9,568,651 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 subsequent fiscal year.

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
2017	\$ 970,289
2018	820,189
2019	2,775,732
2020	367,976

**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 2025 using projection scale BB for men and women were used.

**Experience study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2015. 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 building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation as of September 30, 2016 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 discount rate did not change from the prior measurement date. 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% (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% Decrease <u>(6.0% - 7.0%)</u>	Discount rate <u>(7.0% - 8.0%)</u>	1% Increase <u>(8.0% - 9.0%)</u>
Reporting unit's proportionate share of the net pension liability	<u>\$ 147,876,170</u>	<u>\$ 114,833,132</u>	<u>\$ 86,974,675</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 2016 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.

**Other Information**

***Discount Rate - Assumed Rate of Return***

On February 23, 2017, in accordance with PA 300 1980, as amended, the Michigan Public Schools Employees' Retirement System's Board approved a decrease in the assumed investment rate of return (discount rate) used in the System's annual actuarial valuation for the non-hybrid defined benefit pension plan from 8% to 7.5% effective for the fiscal year 2016 valuation and following.

The September 30, 2016 Annual Actuarial Valuation Report will be used to establish the employer contribution for fiscal year beginning October 1, 2018 and will be based upon the 7.5% investment rate of return assumption. The actuarial computed employer contributions and the net pension liability will increase as a result of lowering the assumed investment rate of return.

***Pension Reform 2017***

Senate Bill 401, amends the Public School Employees Retirement Act (PA 300 of 1980, as amended).

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

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

The bill closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new option revised hybrid plan with similar plan benefit calculations but contains a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The bill includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

**Benefit Provisions - Other Post-employment**

***Introduction***

Benefit provisions of the post-employment healthcare plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. 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 Post-employment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

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 February 1, 2013.

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

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

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% to 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 September 30, 2016 5.69% to 5.91% of covered payroll for the period from October 1, 2016 through September 30, 2017 dependent upon the employee's date of hire and plan election.

The District post-employment healthcare contributions to MPSERS for the years ended June 30, 2017, 2016 and 2015 were approximately \$3,797,000, \$4,088,000 and \$5,073,000.

**NOTE 8 - RISK MANAGEMENT**

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

The District participates in the MASB-SEG Property Casualty Pool program. This program provides substantially all the insurance needs of the District, including property, general liability, automobile, and umbrella, 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.

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

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

The District is insured under the Michigan Workers Disability Compensation Act through the SEG Worker's Compensation Fund. The fund (risk-sharing pool) pays the first \$750,000 of any worker's 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 \$171,000 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds. Major capital projects fund transferred \$950,171 to the general fund for the reimbursement of capital outlay expenses. Purchases are in compliance with §1351a of the Revised School Code. \$667,729 was transferred between the debt service funds, of which \$487,500 was for the 2016 refunding bonds.

**NOTE 10 - CONTINGENT LIABILITIES**

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

**NOTE 11 - TAX ABATEMENTS**

Effective for the year ended June 30, 2017 the District is required to disclose significant tax abatements as required by GASB Statement No. 77 (tax abatements).

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

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

**NOTE 11 - TAX ABATEMENTS (Concluded)**

The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated			
	IFT	Brownfield	PILOT	Total
Olive Township	\$ 6,464	\$ -	\$ -	\$ 6,464
Holland Charter Township	576,695	12,475	115,949	705,119
	<u>\$ 583,159</u>	<u>\$ 12,475</u>	<u>\$ 115,949</u>	<u>\$ 711,583</u>

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

**NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENT**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment 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 No. 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. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the District's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2017**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Local sources	\$ 11,450,000	\$ 11,870,000	\$ 11,926,831	\$ 56,831
State sources	50,480,000	50,720,000	50,725,248	5,248
Federal sources	2,715,000	2,790,000	2,848,826	58,826
Incoming transfers and other	5,280,000	5,633,830	5,633,943	113
Total revenues	69,925,000	71,013,830	71,134,848	121,018
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Basic programs	40,900,000	39,575,000	39,550,514	24,486
Added needs	8,350,000	9,200,000	9,186,784	13,216
Total instruction	49,250,000	48,775,000	48,737,298	37,702
Supporting services:				
Pupil	3,740,000	3,720,000	3,714,878	5,122
Instructional staff	2,680,000	2,440,000	2,425,123	14,877
General administration	550,000	540,000	538,696	1,304
School administration	3,525,000	3,280,000	3,279,984	16
Business	535,000	625,000	579,649	45,351
Operation/maintenance	5,465,000	5,400,000	5,245,591	154,409
Pupil transportation	2,710,000	2,430,000	2,409,560	20,440
Central	1,000,000	910,000	909,015	985
Athletics	1,245,000	1,185,000	1,121,906	63,094
Total supporting services	21,450,000	20,530,000	20,224,402	305,598
Community services	320,000	300,000	271,776	28,224
Total expenditures	71,020,000	69,605,000	69,233,476	371,524
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,095,000)	1,408,830	1,901,372	492,542
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	1,121,170	1,121,171	1
Transfers out and other	(195,000)	(1,330,000)	(1,328,303)	1,697
Total other financing sources (uses)	(195,000)	(208,830)	(207,132)	1,698
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,290,000)</u>	<u>\$ 1,200,000</u>	<u>1,694,240</u>	<u>\$ 494,240</u>
<b>FUND BALANCE:</b>				
Beginning of year			13,251,453	
End of year			<u>\$ 14,945,693</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>2017</u>	<u>2016</u>	<u>2015</u>
Reporting unit's proportion of net pension liability (%)	0.46027%	0.46219%	0.45848%
Reporting unit's proportionate share of net pension liability	\$ 114,833,132	\$ 112,891,123	\$ 100,986,711
Reporting unit's covered-employee payroll	\$ 38,799,114	\$ 38,594,806	\$ 39,187,214
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	295.97%	292.50%	257.70%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	63.27%	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>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 10,335,560	\$ 9,810,891	\$ 8,086,710
Contributions in relation to statutorily required contributions	<u>10,335,560</u>	<u>9,810,891</u>	<u>8,086,710</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting unit's covered-employee payroll	\$ 37,878,158	\$ 38,800,553	\$ 38,388,804
Contributions as a percentage of covered-employee payroll	27.29%	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, 2017**

**Changes of benefit terms:** There were no changes of benefit terms in 2016.

**Changes of assumptions:** There were no changes of benefit assumptions in 2016.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2017**

	<u>Special revenue</u> <u>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	\$ 704,172	\$ 1,371,390	\$ 3,414,322	\$ 5,489,884
Investments	254,699	-	506,260	760,959
Accounts receivable	448	1,618	-	2,066
Property taxes receivable	-	16,614	1,623	18,237
Intergovernmental receivable	125,102	-	-	125,102
Inventories	34,575	-	-	34,575
Prepays	7,015	-	-	7,015
	<u>7,015</u>	<u>-</u>	<u>-</u>	<u>7,015</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,126,011</u>	<u>\$ 1,389,622</u>	<u>\$ 3,922,205</u>	<u>\$ 6,437,838</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 23,918	\$ -	\$ -	\$ 23,918
Accrued salaries and related items	7,598	-	-	7,598
Accrued retirement	841	-	-	841
Intergovernmental payable	-	-	106	106
Due to other funds	49,429	-	14,909	64,338
Unearned revenue	48,136	-	1,371	49,507
	<u>48,136</u>	<u>-</u>	<u>1,371</u>	<u>49,507</u>
<b>TOTAL LIABILITIES</b>	<u>129,922</u>	<u>-</u>	<u>16,386</u>	<u>146,308</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventories	34,575	-	-	34,575
Prepays	7,015	-	-	7,015
Restricted	819,499	1,389,622	562,714	2,771,835
Assigned:				
Subsequent year expenditures	135,000	-	1,285,000	1,420,000
Capital projects	-	-	2,058,105	2,058,105
	<u>-</u>	<u>-</u>	<u>2,058,105</u>	<u>2,058,105</u>
<b>TOTAL FUND BALANCES</b>	<u>996,089</u>	<u>1,389,622</u>	<u>3,905,819</u>	<u>6,291,530</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,126,011</u>	<u>\$ 1,389,622</u>	<u>\$ 3,922,205</u>	<u>\$ 6,437,838</u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2017**

	<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	\$ -	\$ 15,292,320	\$ 587,702	\$ 15,880,022
Investment earnings	5,044	42,539	21,966	69,549
Food sales	1,140,209	-	-	1,140,209
Other	662	-	330,253	330,915
Total local sources	1,145,915	15,334,859	939,921	17,420,695
State sources	156,982	395,270	18,959	571,211
Federal sources	2,787,516	-	-	2,787,516
Incoming transfers and other	29,425	-	-	29,425
Total revenues	4,119,838	15,730,129	958,880	20,808,847
<b>EXPENDITURES:</b>				
Current:				
Food service activities	3,855,129	-	-	3,855,129
Capital outlay	311,843	-	616,648	928,491
Debt service:				
Principal repayment	-	6,607,650	-	6,607,650
Interest	-	8,862,209	-	8,862,209
Bond issuance costs	-	40,771	-	40,771
Payment to refund bond escrow agent	-	487,500	-	487,500
Other	-	1,743	-	1,743
Total expenditures	4,166,972	15,999,873	616,648	20,783,493
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(47,134)	(269,744)	342,232	25,354
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	5,715,000	-	5,715,000
Payment to refund bond escrow agent	-	(5,673,744)	-	(5,673,744)
Transfers in	-	667,731	-	667,731
Transfers out	(171,000)	(667,731)	-	(838,731)
Total other financing uses	(171,000)	41,256	-	(129,744)
<b>NET CHANGE IN FUND BALANCES</b>	(218,134)	(228,488)	342,232	(104,390)
<b>FUND BALANCES:</b>				
Beginning of year	1,214,223	1,618,110	3,563,587	6,395,920
End of year	\$ 996,089	\$ 1,389,622	\$ 3,905,819	\$ 6,291,530

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**FOOD SERVICE FUND**  
**YEAR ENDED JUNE 30, 2017**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Local sources	\$ 1,005,000	\$ 1,110,000	\$ 1,140,871	\$ 30,871
State sources	156,000	155,000	156,982	1,982
Federal sources	2,775,000	2,771,000	2,787,516	16,516
Incoming transfers and other	5,000	34,000	34,469	469
Total revenues	<u>3,941,000</u>	<u>4,070,000</u>	<u>4,119,838</u>	<u>49,838</u>
<b>EXPENDITURES:</b>				
Current:				
General administration	2,000	2,000	2,000	-
Food service activities and capital outlay	<u>3,915,000</u>	<u>4,211,000</u>	<u>4,164,972</u>	<u>46,028</u>
Total expenditures	<u>3,917,000</u>	<u>4,213,000</u>	<u>4,166,972</u>	<u>46,028</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>24,000</u>	<u>(143,000)</u>	<u>(47,134)</u>	<u>95,866</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(190,000)</u>	<u>(175,000)</u>	<u>(171,000)</u>	<u>4,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (166,000)</u>	<u>\$ (318,000)</u>	<u>(218,134)</u>	<u>\$ 99,866</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,214,223</u>	
End of year			<u>\$ 996,089</u>	

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
JUNE 30, 2017**

	<u>1992</u>	<u>2008 Refunding</u>	<u>2012A</u>	<u>2012B</u>	<u>2014</u>	<u>2015 Refunding</u>	<u>2016 Refunding</u>	<u>Total debt service</u>
<b>ASSETS</b>								
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 544,346	\$ 58,141	\$ 135,989	\$ 177,243	\$ 294,744	\$ 150,700	\$ 10,227	\$ 1,371,390
Accounts receivable	-	-	1,618	-	-	-	-	1,618
Property taxes receivable	5,927	1,125	2,037	2,776	3,344	1,351	54	16,614
<b>TOTAL ASSETS</b>	<u>\$ 550,273</u>	<u>\$ 59,266</u>	<u>\$ 139,644</u>	<u>\$ 180,019</u>	<u>\$ 298,088</u>	<u>\$ 152,051</u>	<u>\$ 10,281</u>	<u>\$ 1,389,622</u>
<b>FUND BALANCES:</b>								
Restricted for debt service	<u>\$ 550,273</u>	<u>\$ 59,266</u>	<u>\$ 139,644</u>	<u>\$ 180,019</u>	<u>\$ 298,088</u>	<u>\$ 152,051</u>	<u>\$ 10,281</u>	<u>\$ 1,389,622</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 550,273</u>	<u>\$ 59,266</u>	<u>\$ 139,644</u>	<u>\$ 180,019</u>	<u>\$ 298,088</u>	<u>\$ 152,051</u>	<u>\$ 10,281</u>	<u>\$ 1,389,622</u>



**WEST OTTAWA PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	<b>1992</b>	<b>2008 Refunding</b>	<b>2012A</b>	<b>2012B</b>	<b>2014</b>	<b>2015 Refunding</b>	<b>2016 Refunding</b>	<b>Total debt service</b>
<b>REVENUES:</b>								
Local sources:								
Property taxes	\$ 5,455,905	\$ 1,035,931	\$ 1,874,543	\$ 2,555,297	\$ 3,078,196	\$ 1,243,118	\$ 49,330	\$ 15,292,320
Interest	15,415	2,457	5,274	7,320	8,484	3,513	76	42,539
State revenue	197,457	37,491	67,842	92,480	-	-	-	395,270
Total revenues	<u>5,668,777</u>	<u>1,075,879</u>	<u>1,947,659</u>	<u>2,655,097</u>	<u>3,086,680</u>	<u>1,246,631</u>	<u>49,406</u>	<u>15,730,129</u>
<b>EXPENDITURES:</b>								
Principal repayments	1,222,650	460,000	245,000	2,405,000	1,250,000	1,025,000	-	6,607,650
Interest	4,532,350	152,025	1,729,881	344,000	1,872,188	193,400	38,365	8,862,209
Bond issuance costs	-	-	-	-	-	-	40,771	40,771
Payment to refund bond escrow agent	-	-	-	-	-	-	487,500	487,500
Other	250	250	250	250	250	493	-	1,743
Total expenditures	<u>5,755,250</u>	<u>612,275</u>	<u>1,975,131</u>	<u>2,749,250</u>	<u>3,122,438</u>	<u>1,218,893</u>	<u>566,636</u>	<u>15,999,873</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(86,473)</u>	<u>463,604</u>	<u>(27,472)</u>	<u>(94,153)</u>	<u>(35,758)</u>	<u>27,738</u>	<u>(517,230)</u>	<u>(269,744)</u>
<b>OTHER FINANCING SOURCES (USES):</b>								
Refunding bonds issued	-	-	-	-	-	-	5,715,000	5,715,000
Payment to refund bond escrow agent	-	-	-	-	-	-	(5,673,744)	(5,673,744)
Transfers in	8,223	-	-	6,453	114,840	50,715	487,500	667,731
Transfers out	-	(495,474)	(171,012)	-	-	-	(1,245)	(667,731)
Total other financing sources (uses)	<u>8,223</u>	<u>(495,474)</u>	<u>(171,012)</u>	<u>6,453</u>	<u>114,840</u>	<u>50,715</u>	<u>527,511</u>	<u>41,256</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(78,250)</u>	<u>(31,870)</u>	<u>(198,484)</u>	<u>(87,700)</u>	<u>79,082</u>	<u>78,453</u>	<u>10,281</u>	<u>(228,488)</u>
<b>FUND BALANCES:</b>								
Beginning of year	628,523	91,136	338,128	267,719	219,006	73,598	-	1,618,110
End of year	<u>\$ 550,273</u>	<u>\$ 59,266</u>	<u>\$ 139,644</u>	<u>\$ 180,019</u>	<u>\$ 298,088</u>	<u>\$ 152,051</u>	<u>\$ 10,281</u>	<u>\$ 1,389,622</u>

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2017**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total nonmajor capital projects</u>
<b>ASSETS</b>			
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,846,197	\$ 1,568,125	\$ 3,414,322
Investments	-	506,260	506,260
Property taxes receivable	1,623	-	1,623
<b>TOTAL ASSETS</b>	<u>\$ 1,847,820</u>	<u>\$ 2,074,385</u>	<u>\$ 3,922,205</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Due to other funds	\$ -	\$ 14,909	\$ 14,909
Unearned revenue	-	1,371	1,371
Intergovernmental payable	106	-	106
<b>TOTAL LIABILITIES</b>	<u>106</u>	<u>16,280</u>	<u>16,386</u>
<b>FUND BALANCES:</b>			
Restricted	562,714	-	562,714
Assigned:			
Subsequent year expenditures	1,285,000	-	1,285,000
Capital projects	-	2,058,105	2,058,105
<b>TOTAL FUND BALANCES</b>	<u>1,847,714</u>	<u>2,058,105</u>	<u>3,905,819</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,847,820</u>	<u>\$ 2,074,385</u>	<u>\$ 3,922,205</u>

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2017**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total nonmajor capital projects</u>
<b>REVENUES:</b>			
Property taxes	\$ 587,702	\$ -	\$ 587,702
Investment earnings	9,889	12,077	21,966
State revenue	18,959	-	18,959
Other	<u>-</u>	<u>330,253</u>	<u>330,253</u>
Total revenues	<u>616,550</u>	<u>342,330</u>	<u>958,880</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>484,004</u>	<u>132,644</u>	<u>616,648</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	132,546	209,686	342,232
<b>FUND BALANCES:</b>			
Beginning of year	<u>1,715,168</u>	<u>1,848,419</u>	<u>3,563,587</u>
End of year	<u><u>\$ 1,847,714</u></u>	<u><u>\$ 2,058,105</u></u>	<u><u>\$ 3,905,819</u></u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**SINKING FUND**  
**YEAR ENDED JUNE 30, 2017**

	<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>\$ 615,000</u>	<u>\$ 616,550</u>	<u>\$ 1,550</u>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	<u>1,055,000</u>	<u>485,000</u>	<u>484,004</u>	<u>996</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(485,000)</u>	<u>130,000</u>	<u>132,546</u>	<u>2,546</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (485,000)</u></u>	<u><u>\$ 130,000</u></u>	<u>132,546</u>	<u><u>\$ 2,546</u></u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,715,168</u>	
End of year			<u><u>\$ 1,847,714</u></u>	

**WEST OTTAWA PUBLIC SCHOOLS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**YEAR ENDED JUNE 30, 2017**

	<b>Balance</b> <b>July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2017</b>
<b>ASSETS:</b>				
Cash	\$ 620,931	\$ 2,629,655	\$ 2,367,608	\$ 882,978
Investments	423,327	3,753	607	426,473
Due from other funds	112,920	81,022	193,086	856
<b>TOTAL ASSETS</b>	<b>\$ 1,157,178</b>	<b>\$ 2,714,430</b>	<b>\$ 2,561,301</b>	<b>\$ 1,310,307</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 426	\$ 1,205,765	\$ 1,206,191	\$ -
Due to other funds	-	28,030	27,473	557
Accrued payroll and related items	-	5,006	-	5,006
Accrued retirement	-	1,180	-	1,180
Due to student and other groups	1,156,752	2,825,912	2,679,100	1,303,564
<b>TOTAL LIABILITIES</b>	<b>\$ 1,157,178</b>	<b>\$ 4,065,893</b>	<b>\$ 3,912,764</b>	<b>\$ 1,310,307</b>

**WEST OTTAWA PUBLIC SCHOOLS**  
**BONDED DEBT**  
**JUNE 30, 2017**

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>	
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>\$ 3,802,123</u>	<u>\$ 16,537,875</u>	<u>\$ -</u>	<u>\$ 20,339,998</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, 2017**

2008 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>	
2018	4.00%	<u>\$ 380,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,000</u>
Total 2008 bonded debt		<u><u>\$ 380,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 380,000</u></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, 2017**

2012 Series A Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 37,105,000</u>	<u>\$ 7,663,058</u>	<u>\$ 7,663,049</u>	<u>\$ 52,431,107</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, 2017**

2012 Series B Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 6,115,000</u>	<u>\$ 226,500</u>	<u>\$ 226,500</u>	<u>\$ 6,568,000</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, 2017**

2014 Building and Site Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 39,250,000</u>	<u>\$ 10,058,655</u>	<u>\$ 10,058,659</u>	<u>\$ 59,367,314</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, 2017**

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>	
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%	<u>680,000</u>	<u>10,200</u>	<u>10,200</u>	<u>700,400</u>
Total 2015 bonded debt		<u>\$ 4,730,000</u>	<u>\$ 237,000</u>	<u>\$ 237,000</u>	<u>\$ 5,204,000</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**  
**BONDED DEBT**  
**JUNE 30, 2017**

2016 Refunding Bonds

June 30,	Interest rate	Principal due November 1,	Interest due		Total due annually
			May 1	November 1	
2018		\$ -	\$ 48,292	\$ 48,292	\$ 96,584
2019		-	48,292	48,292	96,584
2020	1.69%	200,000	46,602	48,292	294,894
2021	1.69%	965,000	38,448	46,602	1,050,050
2022	1.69%	950,000	30,420	38,448	1,018,868
2023	1.69%	930,000	22,562	30,420	982,982
2024	1.69%	910,000	14,872	22,562	947,434
2025	1.69%	890,000	7,352	14,872	912,224
2026	1.69%	870,000	-	7,352	877,352
Total 2016 bonded debt		<u>\$ 5,715,000</u>	<u>\$ 256,840</u>	<u>\$ 305,132</u>	<u>\$ 6,276,972</u>

The above bonds dated December 8, 2016 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$5,715,000.

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
STATISTICAL SECTION OVERVIEW  
2016 - 2017**

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**  
**2008 - 2017**

<i>Year ended June 30,</i>	Fiscal Year			
	2008	2009	2010	2011
<b>Governmental Activities</b>				
Net investment in capital assets	\$ (1,358,906)	\$ 433,894	\$ 3,327,156	\$ 5,870,709
Restricted	580,359	710,554	740,805	913,636
Unrestricted	13,015,298	14,333,024	15,175,862	16,038,850
<b>Total Primary Government Net Position</b>	<b>\$ 12,236,751</b>	<b>\$ 15,477,472</b>	<b>\$ 19,243,823</b>	<b>\$ 22,823,195</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**  
**2008 - 2017**

		Fiscal Year					
2012		2013		2014		2015 <sup>1</sup>	
						2016	
						2017	
\$	10,876,764	\$	14,641,571	\$	21,202,608	\$	28,235,005
						\$	34,551,245
						\$	42,699,323
	1,492,434		2,241,731		2,250,471		1,111,022
							1,252,900
							462,650
	12,030,077		12,206,291		13,312,827		(86,077,638)
							(86,417,225)
							(84,840,964)
\$	24,399,275	\$	29,089,593	\$	36,765,906	\$	(56,731,611)
						\$	(50,613,080)
						\$	(41,678,991)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Expenses, Program Revenues and Net Expense**  
**2008 - 2017**

<i>Year ended June 30,</i>	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental Activities				
Instruction	\$ 46,984,919	\$ 44,932,232	\$ 44,981,418	\$ 45,282,922
Support services	22,065,223	21,703,756	21,859,267	22,800,189
Community services	813	29,242	42,488	33,623
Food services	2,755,262	2,726,874	2,898,720	3,026,866
Athletics	1,160,370	1,246,419	1,215,651	979,095
Child care	503,022	466,707	415,474	442,618
Outgoing transfers and other	-	-	-	-
Interest on long-term debt	7,113,691	7,054,106	6,893,207	6,716,136
Unallocated depreciation	4,506,722	4,477,541	4,457,035	4,420,723
Loss on disposition of assets	-	35,792	-	776
Total Expenses	85,090,022	82,672,669	82,763,260	83,702,948
<b>Program Revenues</b>				
Governmental Activities				
Charges for services:				
Instruction	-	-	-	-
Support services	632,310	761,817	832,792	1,324,113
Community services	-	-	-	-
Food services	1,280,122	1,260,965	1,147,589	1,113,724
Athletics	89,897	106,359	102,057	-
Child care services	498,239	442,652	381,007	442,617
Operating grants and contributions	14,547,546	18,340,534	19,843,075	20,084,722
Total Program Revenues	17,048,114	20,912,327	22,306,520	22,965,176
<b>Net Expense</b>	\$ (68,041,908)	\$ (61,760,342)	\$ (60,456,740)	\$ (60,737,772)

<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**  
**2008 - 2017**

Fiscal Year					
2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>
\$ 45,638,324	\$ 45,071,399	\$ 45,505,240	\$ 46,521,013	\$ 48,231,758	\$ 49,124,124
21,896,188	20,657,796	20,114,506	19,682,129	20,069,557	19,777,059
877,845	332,842	318,932	316,322	300,021	271,776
3,309,239	3,302,496	3,308,115	3,534,078	3,489,817	3,864,801
-	-	-	-	-	-
-	-	-	-	-	-
6,738	3,042	1,639	4,150	3,225	-
6,333,589	6,048,141	5,710,959	6,306,720	5,396,764	5,225,389
4,040,523	4,140,117	3,633,795	3,980,048	3,918,569	4,457,804
-	-	-	-	-	-
82,102,446	79,555,833	78,593,186	80,344,460	81,409,711	82,720,953
-	-	-	82,374	34,882	109,019
511,520	419,388	204,213	59,039	119,605	130,975
472,395	29,947	-	-	-	-
1,136,823	1,045,313	1,085,180	1,046,469	1,030,297	1,170,296
-	-	-	-	-	-
-	-	-	-	-	-
10,457,728	11,879,532	13,142,471	13,853,104	13,200,958	17,038,196
12,578,466	13,374,180	14,431,864	15,040,986	14,385,742	18,448,486
\$ (69,523,980)	\$ (66,181,653)	\$ (64,161,322)	\$ (65,303,474)	\$ (67,023,969)	\$ (64,272,467)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**General Revenues and Total Change in Net Position**  
**2008 - 2017**

<i>Year ended June 30,</i>	Fiscal Year			
	2008	2009	2010	2011
<b>Net Expense</b>	\$ (68,041,908)	\$ (61,760,342)	\$ (60,456,740)	\$ (60,737,772)
<b>General Revenues</b>				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	13,765,083	12,330,124	12,601,987	11,402,935
Property taxes levied for debt service	12,936,401	12,581,136	12,519,883	12,437,028
Property taxes levied for repair & improvement	-	603,415	603,734	568,587
State sources	40,884,629	39,216,056	38,434,701	39,871,772
Intermediate sources	-	-	-	-
Unrestricted federal sources	-	-	-	-
Interest and investment earnings	898,522	270,332	62,786	36,822
Miscellaneous	-	-	-	-
<b>Total General Revenues</b>	<b>68,484,635</b>	<b>65,001,063</b>	<b>64,223,091</b>	<b>64,317,144</b>
<b>Change in Net Position</b>	<b>442,727</b>	<b>3,240,721</b>	<b>3,766,351</b>	<b>3,579,372</b>
Prior period adjustment or restatement	-	-	-	-
<b>Net Position- Beginning of Year</b>	<b>11,794,024</b>	<b>12,236,751</b>	<b>15,477,472</b>	<b>19,243,823</b>
<b>Net Position- End of Year</b>	<b>\$ 12,236,751</b>	<b>\$ 15,477,472</b>	<b>\$ 19,243,823</b>	<b>\$ 22,823,195</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**  
**2008 - 2017**

Fiscal Year					
2012	2013 <sup>1</sup>	2014	2015 <sup>2</sup>	2016	2017
\$ (69,523,980) \$	(66,181,653) \$	(64,161,322) \$	(65,303,474) \$	(67,023,969) \$	(64,272,467)
10,677,549	10,564,165	10,534,974	10,841,989	11,228,825	11,519,032
12,848,930	14,239,656	14,532,941	14,976,832	15,519,729	15,292,320
550,079	549,866	561,406	578,595	598,985	587,702
40,119,866	40,510,276	40,102,845	40,899,930	39,589,543	39,447,322
6,484,970	5,501,414	5,621,831	5,195,761	5,084,906	5,548,347
128,606	-	-	-	-	-
23,231	42,596	43,930	542,258	354,031	268,130
266,829	229,134	439,708	350,297	766,481	543,703
71,100,060	71,637,107	71,837,635	73,385,662	73,142,500	73,206,556
1,576,080	5,455,454	7,676,313	8,082,188	6,118,531	8,934,089
-	(765,136)	-	(101,579,705)	-	-
22,823,195	24,399,275	29,089,593	36,765,906	(56,731,611)	(50,613,080)
\$ 24,399,275 \$	29,089,593 \$	36,765,906 \$	(56,731,611) \$	(50,613,080) \$	(41,678,991)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Fund Balances - Governmental Funds**  
**2008 - 2017**

<i>Year ended June 30,</i>	Fiscal Year			
	2008	2009	2010	2011 <sup>1</sup>
<b>General Fund</b>				
Reserved	\$ 111,264	\$ 84,485	\$ 82,558	\$ -
Unreserved	11,743,705	12,438,380	13,058,062	-
Nonspendable	-	-	-	151,220
Assigned	-	-	-	-
Unassigned	-	-	-	14,090,448
<b>Total General Fund</b>	<b>11,854,969</b>	<b>12,522,865</b>	<b>13,140,620</b>	<b>14,241,668</b>
<b>All Other Governmental Funds</b>				
Reserved	29,780	33,025	34,169	-
Unreserved, reported in:				
Debt service fund	1,449,740	1,509,801	1,492,132	-
Capital projects fund	562,903	824,572	933,285	-
Special revenue fund	809,286	1,056,793	1,151,041	-
Nonspendable	-	-	-	41,442
Restricted for capital projects	-	-	-	564,768
Restricted for debt service	-	-	-	1,067,642
Restricted for food service	-	-	-	1,159,201
Restricted for child care	-	-	-	71,039
Assigned	-	-	-	308,660
<b>Total All Other Governmental Funds</b>	<b>2,851,709</b>	<b>3,424,191</b>	<b>3,610,627</b>	<b>3,212,752</b>
<b>Total Fund Balances</b>	<b>\$ 14,706,678</b>	<b>\$ 15,947,056</b>	<b>\$ 16,751,247</b>	<b>\$ 17,454,420</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**  
**2008 - 2017**

Fiscal Year					
2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
60,958	40,886	206,354	39,794	45,425	115,131
3,389,000	1,606,000	296,000	1,410,000	1,290,000	-
8,178,206	9,715,816	11,745,876	11,823,540	11,916,028	14,830,562
11,628,164	11,362,702	12,248,230	13,273,334	13,251,453	14,945,693
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
48,052	18,284	40,464	33,545	24,651	41,590
217,452	395,948	46,594,256	45,171,998	36,226,730	17,163,082
898,062	1,478,770	2,017,266	1,092,934	1,618,110	1,389,622
1,057,791	897,154	1,101,611	991,434	1,019,572	819,499
8,397	-	-	-	-	-
478,298	1,000,636	1,196,468	1,542,944	2,608,419	3,478,105
2,708,052	3,790,792	50,950,065	48,832,855	41,497,482	22,891,898
\$ 14,336,216	\$ 15,153,494	\$ 63,198,295	\$ 62,106,189	\$ 54,748,935	\$ 37,837,591

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Revenues**  
**2008 - 2017**

<i>Year ended June 30,</i>	Fiscal Year			
	2008	2009	2010	2011 <sup>1</sup>
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal grants	\$ 3,219,588	\$ 5,914,391	\$ 6,609,890	\$ 6,814,102
Food service fund	1,467,499	1,708,843	2,021,008	2,148,222
Total federal sources	4,687,087	7,623,234	8,630,898	8,962,324
<b>State Sources</b>				
Restricted	4,515,988	4,840,345	4,748,114	4,528,252
Unrestricted	40,884,629	39,216,056	38,434,701	39,871,772
Total state sources	45,400,617	44,056,401	43,182,815	44,400,024
<b>Other Governmental Units</b>				
Ottawa Area ISD and other districts	5,536,545	6,179,152	6,800,858	7,046,040
Miscellaneous	-	-	-	-
Total other governmental units	5,536,545	6,179,152	6,800,858	7,046,040
<b>Local Sources</b>				
Property taxes	26,716,888	25,548,575	25,729,239	24,419,628
Food service fund	1,279,219	1,257,126	1,144,447	1,105,562
Athletic fund	89,897	106,359	102,057	-
Child care fund	498,239	442,072	381,007	442,617
Interest and other income	898,474	270,332	62,786	36,823
Miscellaneous	420,031	532,674	497,689	644,572
Total local sources	29,902,748	28,157,138	27,917,225	26,649,202
<b>Total Revenues</b>	\$ 85,526,997	\$ 86,015,925	\$ 86,531,796	\$ 87,057,590

<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**  
**2008 - 2017**

Fiscal Year					
2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>
\$ 3,517,192	\$ 3,053,173	\$ 2,950,098	\$ 2,728,324	\$ 3,009,257	\$ 2,848,826
2,192,108	2,425,094	2,476,803	2,646,955	2,776,066	2,787,516
5,709,300	5,478,267	5,426,901	5,375,279	5,785,323	5,636,342
5,032,571	6,482,987	7,715,570	8,477,825	10,487,460	11,849,137
40,119,866	40,510,276	40,102,845	40,899,930	39,589,543	39,447,322
45,152,437	46,993,263	47,818,415	49,377,755	50,077,003	51,296,459
6,512,865	5,501,414	5,624,904	5,195,761	5,302,526	5,633,943
-	-	-	-	7,352	29,425
6,512,865	5,501,414	5,624,904	5,195,761	5,309,878	5,663,368
24,086,820	25,353,687	25,629,321	26,393,704	27,347,539	27,399,054
1,582,488	1,071,682	1,049,624	1,027,290	1,022,345	1,140,209
-	-	-	-	-	-
-	-	-	-	-	-
18,231	42,596	40,576	484,416	354,031	268,130
782,184	569,343	649,554	622,934	935,948	710,348
26,469,723	27,037,308	27,369,075	28,528,344	29,659,863	29,517,741
\$ 83,844,325	\$ 85,010,252	\$ 86,239,295	\$ 88,477,139	\$ 90,832,067	\$ 92,113,910

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Expenditures and Debt Service Ratio**  
**2008 - 2017**

<i>Year ended June 30,</i>	Fiscal Year			
	2008	2009	2010	2011 <sup>1</sup>
<b>Expenditures</b>				
Instruction	\$ 46,203,077	\$ 44,970,221	\$ 45,306,668	\$ 45,282,922
Pupil support services	3,069,674	3,111,378	3,359,839	3,422,480
Instructional support services	2,291,012	2,279,272	2,620,594	3,102,790
General administration	458,178	474,215	468,738	504,355
School administration	3,629,825	3,844,542	3,754,474	3,941,152
Business services	749,306	831,038	820,230	747,092
Operations and maintenance	6,663,605	6,544,532	6,223,615	6,352,968
Pupil transportation services	2,751,972	2,746,996	2,798,074	3,036,915
Central support services	1,738,105	1,570,637	1,239,456	1,423,447
Other support services	-	-	-	979,095
Community services	813	29,242	42,488	33,623
Food service	2,755,262	2,726,874	2,898,720	3,026,866
Athletics	1,160,370	1,246,419	1,215,651	-
Special education	-	-	-	-
Child care	503,022	466,707	415,474	442,618
Repair and improvement	-	744	-	-
Capital outlay	2,078,573	1,254,580	2,286,610	872,234
Debt service				
Principal	7,335,000	7,540,000	7,750,000	6,150,473
Interest and other	5,340,408	5,138,150	4,798,062	6,730,228
Total Expenditures	\$ 86,728,202	\$ 84,775,547	\$ 85,998,693	\$ 86,049,258

<b>Debt Service as a Percentage of</b>				
<b>Noncapital Expenditures</b>	15.0%	15.2%	15.0%	15.1%

<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**  
**2008 - 2017**

		Fiscal Year					
2012 <sup>1</sup>		2013 <sup>1</sup>		2014 <sup>1</sup>		2015 <sup>1</sup>	
2016 <sup>1</sup>		2017 <sup>1</sup>					
\$	45,663,725	\$	45,041,645	\$	45,585,350	\$	46,734,889
	3,173,393		3,522,959		3,364,906		3,608,641
	2,155,466		1,738,073		2,014,383		2,473,457
	483,323		420,083		449,041		449,215
	4,036,416		3,732,852		3,467,188		3,383,404
	733,471		596,879		579,158		551,582
	5,911,210		5,434,338		5,500,296		5,174,966
	4,051,102		3,239,750		2,483,522		2,478,460
	1,420,056		1,514,610		1,339,048		1,094,908
	1,145,113		1,134,074		1,254,638		1,160,287
	342,769		294,478		318,932		316,322
	3,309,241		3,357,104		3,314,534		3,551,991
	-		-		-		-
	-		-		-		-
	535,076		38,364		-		-
	-		-		-		-
	977,788		402,899		844,711		2,572,792
							9,519,456
	6,155,907		7,486,519		7,576,096		6,807,728
	6,868,473		7,245,549		6,629,509		8,169,220
							8,732,097
\$	86,962,529	\$	85,200,176	\$	84,721,312	\$	88,527,862
							97,671,331
							107,738,207
15.1%		17.4%		16.9%		17.4%	
						17.3%	
						18.0%	

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**Financial Trends**  
**Other Financing Sources (Uses) and Net Change**  
**in Fund Balances, Governmental Funds**  
**2008 - 2017**

<i>Year ended June 30,</i>	Fiscal Year			
	2008	2009	2010	2011
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ (1,201,205)	\$ 1,240,378	\$ 533,103	\$ 1,008,332
<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)	(305,159)
Transfers in	1,531,678	1,471,163	1,358,636	219,223
Transfers out	(1,531,678)	(1,471,163)	(1,358,636)	(219,223)
Other	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	(2,591,984)	-	271,088	(305,159)
<b>Net Change in Fund Balances</b>	\$ (3,793,189)	\$ 1,240,378	\$ 804,191	\$ 703,173

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Other Financing Sources (Uses) and Net Change**  
**in Fund Balances, Governmental Funds**  
**2008 - 2017**

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (3,118,204)	\$ (189,924)	\$ 1,517,983	\$ (50,723)	\$ (6,839,264)	\$ (15,624,297)
-	62,895,000	42,500,000	-	-	-
-	-	-	6,580,000	-	5,715,000
-	-	-	-	-	-
-	4,907,100	4,025,736	469,680	-	-
-	(66,751,890)	-	(8,001,140)	-	(5,673,744)
-	-	30,204	7,049	-	-
-	-	-	-	-	-
-	-	-	-	-	-
580,204	968,954	235,258	1,704,831	216,282	1,788,900
(580,204)	(968,954)	(235,258)	(1,704,831)	(216,282)	(1,788,900)
-	(43,008)	(29,122)	(96,972)	(517,990)	(1,328,303)
-	1,007,202	46,526,818	(1,041,383)	(517,990)	(1,287,047)
\$ (3,118,204)	\$ 817,278	\$ 48,044,801	\$ (1,092,106)	\$ (7,357,254)	\$ (16,911,344)

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## **REVENUE AND DEBT CAPACITY**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Taxable Value and Actual Value of Taxable Property**  
**Fiscal Years 2007-2008 through 2016-2017**  
**(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>
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
2016	2016-17	4,641,421,800	2,320,710,900

\*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**  
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**Revenue & Debt Capacity**  
**Taxable Value and Actual Value of Taxable Property**  
**Fiscal Years 2007-2008 through 2016-2017**  
**(rate per \$1,000 of assessed value)**

Taxable Value			District Tax Rates			
Non-Homestead Property	Homestead Property	Total	Operating	Debt	Other	Total
\$ 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
702,973,350	1,230,060,395	1,933,033,745	18.0000	7.7500	0.2979	26.0479

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Direct and Overlapping Property Tax Rates**  
**Fiscal Years 2007-2008 through 2016-2017**  
**(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>
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
2016	2016-17	18.0000	7.7500	0.2979	26.0479

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 2007-2008 through 2016-2017**  
**(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	6.2000	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
1.4488	6.1000	4.3063	4.9603

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

*Year ended December 31,*

**2016**

Taxpayer	Ad Valorem		Rank	Percentage		Equivalent		IFT and
				of Total	Taxable	Industrial	Facilities Tax (IFT)	
	Taxable Value			Value				Taxable Value
Request Foods	\$ 18,003,867		1	0.96%	\$	3,104,800	\$	21,108,667
Perrigo Michigan Holland	4,319,396		2	0.23%		11,486,632		15,806,028
Hoover Universal, Inc./PHC LLC	415,800		3	0.02%		12,561,376		12,977,176
Consumers Energy Co.	11,067,297		4	0.59%		-		11,067,297
Gentex Corporation	2,679,628		5	0.14%		7,566,412		10,246,040
Grandquest Realty LLC	9,131,892		6	0.49%		-		9,131,892
Boar's Head Provisions	4,507,800		7	0.24%		4,056,001		8,563,801
Greenen Dekock Prop. LLC	7,071,505		8	0.38%		-		7,071,505
DRG Clearview LLC	7,060,094		9	0.38%		-		7,060,094
Occidental Development LTD	5,418,103		10	0.29%		-		5,418,103
Clearview Apartments	-			-		-		-
Pfizer	-			-		-		-
JB Labs	-			-		-		-
Integrated Investments LLC	-			-		-		-
Holland Associates Ltd.	-			-		-		-
<b>Total principal taxpayers</b>	<b>69,675,382</b>			<b>3.72%</b>	<b>\$</b>	<b>38,775,221</b>	<b>\$</b>	<b>108,450,603</b>
<b>Balance of valuations</b>	<b>1,861,124,890</b>			<b>96.28%</b>				
<b>Total Ad Valorem Valuation</b>	<b>\$ 1,930,800,272</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**

2007					
Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value	
\$ 5,343,800	3	0.33%	\$ 4,781,700	\$	10,125,500
-		-	-	-	-
-	7	0.00%	7,227,200		7,227,200
7,694,674	6	0.47%	-		7,694,674
-		-	-	-	-
-		-	-	-	-
-		-	-	-	-
10,626,513	2	0.65%	-		10,626,513
-		-	-	-	-
6,870,600	8	0.42%	-		6,870,600
8,358,400	4	0.51%	-		8,358,400
22,246,158	1	1.37%	-		22,246,158
8,259,467	5	0.51%	-		8,259,467
6,295,152	9	0.39%	-		6,295,152
5,941,700	10	0.33%	-		5,941,700
81,636,464		4.98%	\$ 12,008,900	\$	93,645,364
1,737,020,076		95.02%			
\$ 1,818,656,540		100.00%			

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Property Tax Levies and Collections**  
**Fiscal Years 2007-2008 through 2016-2017**

<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>
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%	142,960	11,181,163	99.96%
2016	2016-17	11,332,456	11,166,909	98.54%	162,859	11,329,768	99.98%

\*NOTE: District Annual Disclosure

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Outstanding Debt by Type**  
**Fiscal Years 2007-2008 through 2016-2017**

<i>Tax Year</i>	<i>Fiscal Year</i>	<b>General Obligation Bonds</b>	<b>Total Taxable Value</b>	<b>Outstanding Debt as a % of Taxable Value</b>	<b>Estimated Population <sup>1</sup></b>	<b>Net Outstanding Debt Per Capita</b>	<b>Taxable Value Per Capita</b>
2007	2007-08	\$ 122,200,018	\$ 1,915,328,102	6.38%	47,271	\$ 2,585	\$ 40,518
2008	2008-09	114,660,018	1,951,540,798	5.88%	47,643	2,407	40,961
2009	2009-10	106,910,018	1,938,870,946	5.51%	47,986	2,228	40,405
2010	2010-11	100,759,545	1,842,268,568	5.47%	48,164	2,092	38,250
2011	2011-12	94,603,939	1,787,519,721	5.29%	48,333	1,957	36,983
2012	2012-13	83,477,120	1,774,485,601	4.70%	48,758	1,712	36,394
2013	2013-14	118,401,024	1,818,830,195	6.51%	49,346	2,399	36,859
2014	2014-15	110,333,294	1,877,951,419	5.88%	50,622	2,180	37,098
2015	2015-16	103,854,773	1,948,234,835	5.33%	51,293	2,025	37,983
2016	2016-17	116,154,567	1,933,033,745	6.01%	51,821	2,241	37,302

<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 2007-2008 through 2016-2017**

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>General Obligation Bonds</i>	<i>Less Pledged Debt Retirement Fund Balance</i>	<i>Net General Bonded Debt</i>	<i>State Equalized Value (SEV)</i>	<i>Percent of Net Bonded Debt to State Equalized Value (SEV)</i>	<i>Percent of Bonded Debt to Estimated Actual Value of Taxable Property</i>	<i>Estimated Population <sup>1</sup></i>	<i>Net General Bonded Debt per Capita</i>
2007	2007-08	\$ 122,200,018	\$ -	\$ 122,200,018	\$ 2,342,828,700	5.22%	10.43%	47,271	\$ 2,585
2008	2008-09	114,660,018	-	114,660,018	2,380,071,300	4.82%	9.64%	47,643	2,407
2009	2009-10	106,910,018	-	106,910,018	2,294,698,300	4.66%	9.32%	47,986	2,228
2010	2010-11	100,759,545	-	100,759,545	2,136,056,000	4.72%	9.43%	48,164	2,092
2011	2011-12	94,603,939	-	94,603,939	2,016,024,100	4.69%	9.39%	48,333	1,957
2012	2012-13	83,477,120	-	83,477,120	1,978,507,800	4.22%	8.44%	48,758	1,712
2013	2013-14	118,401,024	-	118,401,024	2,033,817,400	5.82%	11.64%	49,346	2,399
2014	2014-15	110,333,294	-	110,333,294	2,134,733,300	5.17%	10.34%	50,622	2,180
2015	2015-16	103,854,773	-	103,854,773	2,252,503,900	4.61%	9.22%	51,293	2,025
2016	2016-17	116,154,567	-	116,154,567	2,320,710,900	5.01%	10.01%	51,821	2,241

<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, 2017**

*Year ended June 30, 2017*

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Holland Township	\$ 24,714,354	69.57%	\$ 17,193,776
Olive Township	444,125	44.94%	199,590
Park Township	3,600,657	88.22%	3,176,500
Port Sheldon Township	450,375	33.18%	149,434
Ottawa County	45,081,968	18.37%	8,281,558
Ottawa County ISD	2,415,000	16.16%	390,264
Subtotal, overlapping debt			<u>29,391,122</u>
<b>District Direct Debt</b>			<u>97,247,123</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 126,638,245</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 2007-2008 through 2016-2017**

**Legal Debt Margin Calculation for Fiscal Year 2016-17:**

State Equalized Valuation (SEV), July 1, 2016	\$ 2,320,710,900
Statutory Debt Limit (15% of SEV)	348,106,635
Debt applicable to limit	<b>116,154,567</b>

<b>Legal Debt Margin</b>	<b>\$ 231,952,068</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>
2007	2007-08	\$ 2,342,828,700	\$ 351,424,305	\$ 122,200,018	\$ 229,224,287	34.77%
2008	2008-09	2,380,071,300	357,010,695	114,660,018	242,350,677	32.12%
2009	2009-10	2,294,698,300	344,204,745	106,910,018	237,294,727	31.06%
2010	2010-11	2,136,056,000	320,408,400	100,759,545	219,648,855	31.45%
2011	2011-12	2,016,024,100	302,403,615	94,603,939	207,799,676	31.28%
2012	2012-13	1,978,507,800	296,776,170	83,477,120	213,299,050	28.13%
2013	2013-14	2,033,817,400	305,072,610	118,401,024	186,671,586	38.81%
2014	2014-15	2,134,733,300	320,209,995	110,333,294	209,876,701	34.46%
2015	2015-16	2,252,503,900	337,875,585	103,854,773	234,020,812	30.74%
2016	2016-17	2,320,710,900	348,106,635	116,154,567	231,952,068	33.37%

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Demographic and Economic Information**  
**Demographic and Economic Statistics**  
**Fiscal Years 2007-2008 through 2016-2017**

<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>
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	50,622	3.9%	3.9%	6.0%	1.6%	10,866,601	39,330
2015	2015-16	51,293	3.0%	3.2%	4.9%	0.1%	11,931,299	42,619
2016	2016-17	51,821	N/A	3.1%	3.8%	1.3%	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 and Economic Information**  
**Principal Employers in West Michigan**  
**Current Year and Nine Years Ago**

<i>Year ended December 31,</i>		<b>2016</b>			<b>2007</b>		
<b>Employer</b>	<b>Type of Business</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>
Gentex Corporation	Automotive Mirrors	4,905	1	4.2%	2,674	3	2.3%
Herman Miller	Office Furniture	3,694	2	3.1%	4,380	1	3.8%
Grand Valley State University <sup>3</sup>	Higher Education	3,374	3	2.9%	2,319	5	2.0%
Shape Corporation	Metal Roll Forming	2,547	4	2.2%	1,388	7	1.2%
Holland Hospital	Health Care	2,032	5	1.7%	1,812	6	1.6%
Haworth <sup>2</sup>	Office Furniture	1,996	6	1.7%	2,349	4	2.1%
Magna Mirrors <sup>2</sup>	Automotive Mirrors	1,805	7	1.5%			
YanFeng	Automotive Interior Parts	1,564	8	1.3%			
Meijer	Retailer	1,355	9	1.2%	1,280	9	1.1%
Grand Haven Public Schools	Education	1,205	10	1.0%			
Johnson Controls <sup>2</sup>	Automotive Interior Parts	-		0.0%	2,774	2	2.4%
Magna Donnelly	Automotive Mirrors	-		0.0%	1,326	8	1.2%
County of Ottawa	Government	-		0.0%	1,192	10	1.0%
		<u>24,477</u>		<u>20.8%</u>	<u>21,494</u>		<u>18.8%</u>

\*NOTE: Ottawa County 2016 Audited Financial Statements. Total employment in 2016 was not available and in 2007 was 128,800

<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 and Economic Information**  
**Full-Time-Equivalent District Employees by Type**  
**Fiscal Years 2007-2008 through 2016-2017**

<b>Full-Time - Equivalent Employees as of June 30,</b>										
<b>Employee Category</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>	<b>2017</b>
Administrators	27	25	25	28	28	29	29	27	29	27
Teachers	469	465	451	439	439	442	424	425	425	425
Clerical/Secretarial	63	48	32	39	44	42	40	35	35	35
Food Service	57	67	75	67	58	50	59	61	59	61
Educational Assistants/Clerks	172	116	128	116	71	58	69	68	73	68
Paraprofessionals	16	15	14	13	-	-	-	-	-	-
Maintenance/Grounds/Custodians	68	61	61	52	34	29	22	22	20	22
Bus Drivers/Mechanics	70	73	76	68	61	63	68	66	63	66
Data/Technology Services	9	9	8	6	5	5	5	4	3	4
Child Care	28	18	19	16	-	-	-	-	-	-
Security/Other	-	-	-	-	9	9	9	8	6	8
<b>Total</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>	<b>716</b>

\*NOTE: District Annual Disclosure

## **OPERATIONAL INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Operational Information**  
**Operating Statistics**  
**Fiscal Years 2007-2008 through 2016-2017**

<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>
2007-08	7,799	-2.10%	\$ 67,957,285	0.66%	\$ 8,714	2.82%	40.65%
2008-09	7,643	-2.00%	67,257,576	-1.03%	8,800	0.99%	47.49%
2009-10	7,624	-0.25%	68,371,275	1.66%	8,968	1.91%	48.78%
2010-11	7,491	-1.74%	69,007,592	0.93%	9,212	2.72%	54.15%
2011-12	7,435	-0.74%	69,116,044	0.16%	9,296	0.91%	54.09%
2012-13	7,391	-0.59%	66,669,741	-3.54%	9,020	-2.97%	55.00%
2013-14	7,240	-2.04%	66,356,462	-0.47%	9,165	1.61%	54.37%
2014-15	7,126	-1.58%	67,426,131	1.61%	9,462	3.24%	54.29%
2015-16	6,964	-2.27%	69,440,696	2.99%	9,971	5.38%	55.05%
2016-17	6,848	-1.67%	69,233,476	-0.30%	10,110	1.39%	52.86%

<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, 2017**

*Year ended June 30, 2017*

<b>Site</b>	<b>Grade Configuration</b>	<b>Acreage</b>	<b>Date Originally Constructed</b>	<b>Additions</b>	<b>Square Feet</b>
Glerum Transportation Center	N/A	17.14	1953*	1973,1992,1997	11,648
Great Lakes Elementary	K-5	177.90	1998		67,098
Lakeshore Elementary	K-5	25.25	1993		68,500
Lakewood Elementary	K-5	12.21	1916*	1955,1962,1983,1988,1992	64,873
North Holland Elementary	K-5	15.30	1965	1992,1997	35,000
Pine Creek Elementary	K-5	156.51	1989		68,500
Sheldon Woods Elementary	K-5	21.23	1965	1992,2004	35,000
Woodside Elementary	K-5	10.39	1965	1986,1992	70,655
Waukazoo Elementary	K-5	17.86	1917,1937*	1956,1988,1991,2016	67,730
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, 2017	214,868
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 Garage	N/A	N/A	1971*	1976,1981,1982,1985	7,411

\*NOTE: Demolished

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**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2016	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2017
<u>U.S. Department of Agriculture:</u>								
Passed through Michigan Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance (Commodities):								
National School Lunch Program - Commodities	10.555		\$ 267,022	\$ -	\$ -	\$ 267,022	\$ 267,022	\$ -
Non-Cash Assistance Subtotal			267,022	-	-	267,022	267,022	-
Cash Assistance:								
National School Lunch Program - Free & Reduced	10.555	171960	1,537,558	-	-	1,537,558	1,481,847	55,711
National School Lunch Program - Free & Reduced	10.555	161960	1,778,982	66,632	1,574,536	204,446	271,078	-
National School Lunch Program - Afterschool Snack	10.555	171980	2,789	-	-	2,789	2,738	51
National School Lunch Program - Afterschool Snack	10.555	161980	2,374	69	2,213	161	230	-
			3,321,703	66,701	1,576,749	1,744,954	1,755,893	55,762
Total CFDA #10.555 National School Lunch Program			3,588,725	66,701	1,576,749	2,011,976	2,022,915	55,762
School Breakfast Program	10.553	171970	566,459	-	-	566,459	542,092	24,367
School Breakfast Program	10.553	161970	656,003	28,219	562,463	65,320	93,539	-
			1,222,462	28,219	562,463	631,779	635,631	24,367
Summer Food Service Program for Children	10.559	160900/160900	74,948	-	-	77,951	56,664	21,287
Summer Food Service Program for Children	10.559	160900/160900	100,616	18,284	82,332	-	18,284	-
			175,564	18,284	82,332	77,951	74,948	21,287
Cash Assistance Subtotal			4,719,729	113,204	2,221,544	2,454,684	2,466,472	101,416
Total Child Nutrition Cluster			4,986,751	113,204	2,221,544	2,721,706	2,733,494	101,416
Child and Adult Care Food Program	10.558	172010/171920	60,301	-	-	60,301	60,301	-
Child and Adult Care Food Program	10.558	162010/161920	5,509	-	-	5,509	5,509	-
Total Child and Adult Care Food Program			65,810	-	-	65,810	65,810	-
Total U.S. Department of Agriculture			5,052,561	113,204	2,221,544	2,787,516	2,799,304	101,416

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2016	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2017
<u>U.S. Department of Education:</u>								
Passed through Michigan Department of Education:								
Title I Grants to Local Educational Agencies	84.010	171530-1617	\$ 1,087,894	\$ -	\$ -	\$ 975,432	\$ 975,431	\$ 1
Title I Grants to Local Educational Agencies	84.010	161530-1516	1,273,917	206,842	1,114,580	-	206,842	-
			2,361,811	206,842	1,114,580	975,432	1,182,273	1
Migrant Education State Grant Program (School Year)	84.011	171890-1617	210,910	-	-	158,718	153,577	5,141
Migrant Education State Grant Program (School Year)	84.011	161890-1516	210,369	24,278	185,274	-	24,278	-
Migrant Education State Grant Program (Summer)	84.011A	171830-1617	262,090	-	-	46,678	-	46,678
Migrant Education State Grant Program (Summer)	84.011A	161830-1516	337,087	71,016	71,016	155,605	226,621	-
			1,020,456	95,294	256,290	361,001	404,476	51,819
Improving Teacher Quality State Grants	84.367	170520-1617	270,077	-	-	145,476	145,365	111
Improving Teacher Quality State Grants	84.367	160520-1516	285,794	692	154,442	-	692	-
			555,871	692	154,442	145,476	146,057	111
English Language Acquisition State Grants	84.365A	170580-1617	170,350	-	-	151,307	143,506	7,801
English Language Acquisition State Grants	84.365A	160580-1516	211,684	16,470	175,743	-	16,470	-
			382,034	16,470	175,743	151,307	159,976	7,801
Total passed through Michigan Department of Education			4,320,172	319,298	1,701,055	1,633,216	1,892,782	59,732

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2016	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2017
<u>U.S. Department of Education (Concluded):</u>								
Passed through Ottawa Area Intermediate School District (OAISD):								
Special Education Cluster:								
Special Education Grants to States	84.027A	170450-1617	\$ 1,169,407	\$ -	\$ -	\$ 1,169,407	\$ 747,903	\$ 421,504
Special Education Grants to States	84.027A	160450-1516	1,100,623	454,735	1,100,623	-	454,735	-
			<u>2,270,030</u>	<u>454,735</u>	<u>1,100,623</u>	<u>1,169,407</u>	<u>1,202,638</u>	<u>421,504</u>
Special Education Preschool Grants	84.173A	170460-1617	39,054	-	-	39,054	24,450	14,604
Special Education Preschool Grants	84.173A	160460-1516	36,350	15,198	36,350	-	15,198	-
			<u>75,404</u>	<u>15,198</u>	<u>36,350</u>	<u>39,054</u>	<u>39,648</u>	<u>14,604</u>
Total Special Education Cluster			<u>2,345,434</u>	<u>469,933</u>	<u>1,136,973</u>	<u>1,208,461</u>	<u>1,242,286</u>	<u>436,108</u>
Education for Homeless Children and Youth	84.196A	172320-1617	1,237	-	-	1,191	1,191	-
Education for Homeless Children and Youth	84.196A	162320-1516	878	256	878	-	256	-
			<u>2,115</u>	<u>256</u>	<u>878</u>	<u>1,191</u>	<u>1,447</u>	<u>-</u>
Total U.S. Department of Education passed through Ottawa Area Intermediate School District			<u>2,347,549</u>	<u>470,189</u>	<u>1,137,851</u>	<u>1,209,652</u>	<u>1,243,733</u>	<u>436,108</u>
Total U.S. Department of Education			<u>6,667,721</u>	<u>789,487</u>	<u>2,838,906</u>	<u>2,842,868</u>	<u>3,136,515</u>	<u>495,840</u>
<u>U.S. Department of Health and Human Services:</u>								
Passed through Ottawa Area Intermediate School District (OAISD):								
Medical Assistance Program	93.778		5,958	-	-	5,958	5,958	-
TOTAL FEDERAL AWARDS			<u>\$ 11,726,240</u>	<u>\$ 902,691</u>	<u>\$ 5,060,450</u>	<u>\$ 5,636,342</u>	<u>\$ 5,941,777</u>	<u>\$ 597,256</u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

**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, 2017. 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, 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, 2017:

General fund	\$ 2,848,826
Other nonmajor governmental fund	<u>2,787,516</u>
Total per financial statements	<u><u>\$ 5,636,342</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, 2017, 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 27, 2017.

**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 27, 2017



**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, 2017. 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 unmodified opinion on compliance for major federal programs. 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, 2017.

### **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 a 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 27, 2017

**WEST OTTAWA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**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
84010	Title I Grants to Local Educational Agencies
84.027 & 84.173	Special Education 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, 2017**

There were no audit findings required to be reported on this schedule for the year ended June 30, 2016.



*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