

**WEST OTTAWA PUBLIC SCHOOLS**

**Holland, Michigan**

**Comprehensive Annual Financial Report**

**Fiscal Year Ended  
JUNE 30, 2018**

**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, 2018**

**C O N T E N T S**

	<u><b>Page</b></u>
 <b>INTRODUCTORY SECTION</b>	
Letter of transmittal .....	7 - 10
Principal officials and administrative staff.....	11
Organizational chart .....	12
Certificate of excellence in financial reporting .....	13
 <b>FINANCIAL SECTION</b>	
Independent auditor's report.....	15 - 17
Management's discussion and analysis .....	18 - 27
Basic financial statements .....	29
Government-wide financial statements	
Statement of net position.....	30
Statement of activities .....	31
Fund financial statements	
Balance sheet - governmental funds.....	32 - 33
Reconciliation of fund balances on the balance sheet of governmental funds to net position of governmental activities on the statement of net position .....	34
Statement of revenues, expenditures and changes in fund balances - governmental funds .....	36 - 37
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities.....	38
Fiduciary funds	
Statement of fiduciary assets and liabilities .....	39

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**C O N T E N T S**

	<u><b>Page</b></u>
<b>FINANCIAL SECTION (Continued)</b>	
Notes to financial statements .....	40 - 76
<b>Required supplementary information</b> .....	77
Budgetary comparison schedule - general fund .....	78
Schedule of the reporting unit's proportionate share of the net pension liability .....	79
Schedule of the reporting unit's pension contributions .....	80
Schedule of the reporting unit's proportionate share of the net OPEB liability .....	81
Schedule of the reporting unit's OPEB contributions .....	82
Notes to required supplementary information .....	83
<b>Additional supplementary information</b> .....	84
Nonmajor governmental fund types	
Combining balance sheet .....	85
Combining statement of revenues, expenditures, and changes in fund balances .....	86
Schedule of revenues, expenditures, and changes in fund balances - budget to actual - food service fund .....	87
Debt service funds	
Combining balance sheet .....	88
Combining statement of revenues, expenditures and changes in fund balances .....	89
Nonmajor capital projects funds	
Combining balance sheet .....	90

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**C O N T E N T S**

	<u><b>Page</b></u>
<b>FINANCIAL SECTION (Concluded)</b>	
Nonmajor capital projects funds (Concluded)	
Combining statement of revenues, expenditures and changes in fund balances .....	91
Schedule of revenues, expenditures, and changes in fund balances - budget to actual - sinking fund.....	92
Fiduciary funds	
Statement of changes in assets and liabilities .....	93
Long-term debt	
Bonded debt .....	94 - 101
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Statistical section overview .....	103
Financial trends .....	105
Net position by component .....	106 - 107
Expenses, program revenues and net expense .....	108 - 109
General revenues and total change in net position.....	110 - 111
Fund balances - governmental funds.....	112 - 113
Governmental funds revenues.....	114 - 115
Governmental funds expenditures and debt service ratio .....	116 - 117
Other financing sources (uses) and net change in fund balances, governmental funds.....	118 - 119
Revenue and debt capacity .....	121
Taxable value and actual value of taxable property .....	122 - 123

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**C O N T E N T S**

	<u><b>Page</b></u>
<b>STATISTICAL SECTION (UNAUDITED) (Concluded)</b>	
Direct and overlapping property tax rates .....	124 - 125
Principal property taxpayers .....	126 - 127
Property tax levies and collections.....	128
Outstanding debt by type .....	129
Ratios of outstanding debt.....	130
Direct and overlapping governmental activities debt.....	131
Legal debt margin information.....	132
Demographic and economic information .....	133
Demographic and economic statistics.....	134
Principal employers in West Michigan .....	135
Full - time - equivalent district employees by type.....	136
Operational information .....	137
Operating statistics .....	138
School building information .....	139
<b>OTHER ITEMS</b>	
Schedule of expenditures of federal awards .....	141 - 143
Notes to schedule of expenditures of federal awards .....	144
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 <i>Government Auditing Standards</i> .....	145 - 146
Independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance .....	147 - 148

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**C O N T E N T S**

	<b><u>Page</u></b>
<b>OTHER ITEMS (Concluded)</b>	
Schedule of findings and questioned costs .....	149
Schedule of prior year audit findings .....	150
Vision and mission statement .....	151



*... 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, 2018

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, 2018. 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 6,826 students. The projected enrollment for the 2018-19 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 13 to 65 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 \$61.5 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 stylized flourish at the end.

Thomas K. Martin  
Superintendent of Schools

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

James English  
Associate Superintendent  
of Business Services

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

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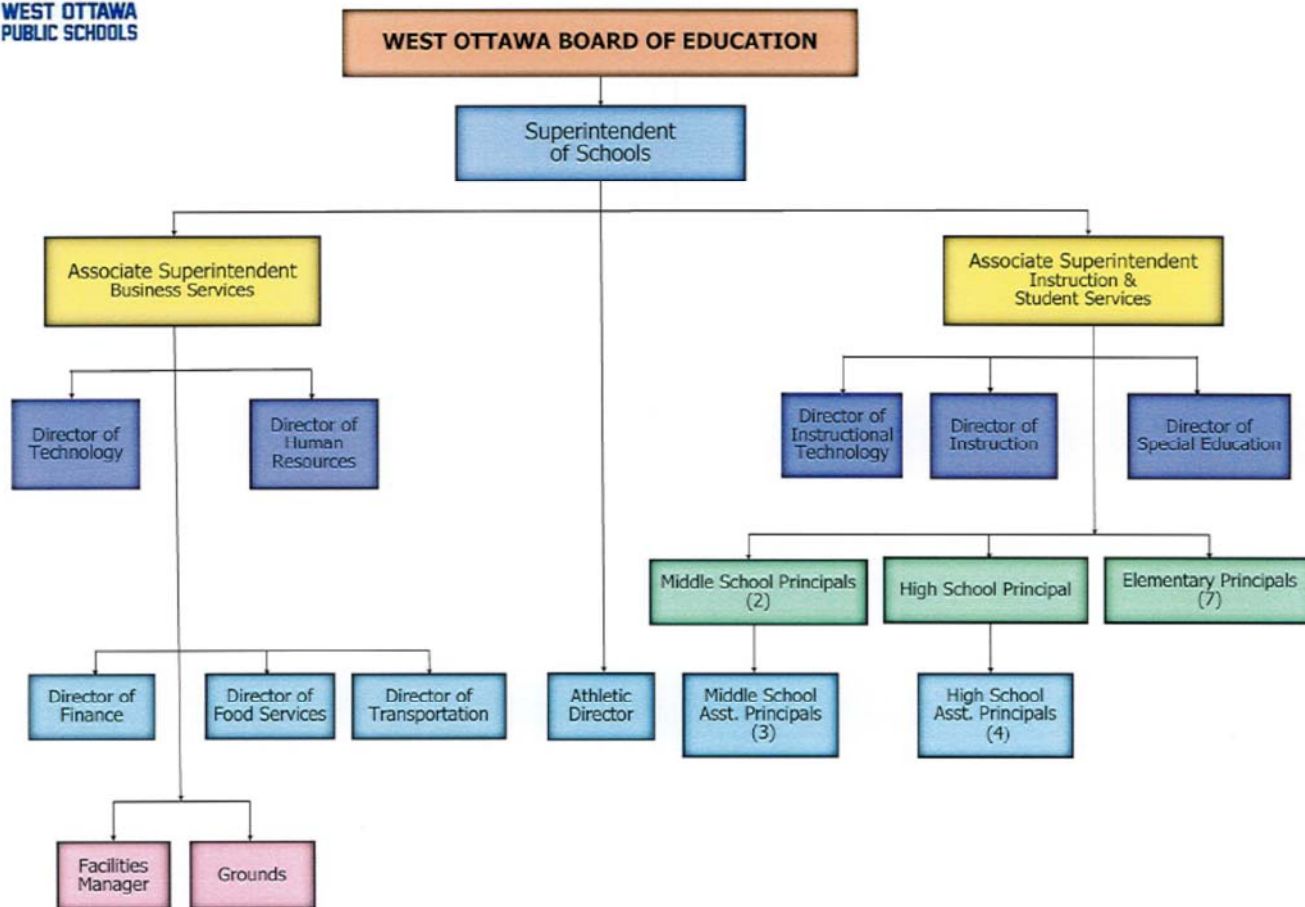
**2018 Board of Education**

President	Lynn Rutan
Vice President	Kate McCoy
Secretary	Darrin Duisttermars
Trustee	Cathy Lebster
Trustee	Sue McKanna
Trustee	Tyson Smith
Trustee	Randy Schipper

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

**2017 - 2018 Administrative Staff**

Superintendent	Thomas Martin
Associate Superintendent of Business Services	James English
Associate Superintendent of Instruction and Student Services	Jeri Page
Director of Finance	Kyle Barr



Effective 07/1/2017



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

**West Ottawa Public Schools**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

A handwritten signature in black ink, reading 'John D. Musso'.

**John D. Musso, CAE**  
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, 2018, 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, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 12 to the financial statements, West Ottawa Public Schools implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the 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, 2018 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, 2018

## **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, 2018.

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

For the year ended June 30, 2018, West Ottawa Public Schools implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These changes are significant at the government-wide level.

### **District-Wide Financial Statements**

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

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

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

### **Fund Financial Statements**

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

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

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

## District-wide Financial Analysis

The following schedule summarizes the net position at June 30, 2018 and 2017.

Table 1 West Ottawa Public Schools Net Position (in Millions)			
	2018	2017	Change
Current assets	\$ 53.48	\$ 47.02	\$ 6.46
Capital assets, net	147.55	142.32	5.23
Total assets	201.03	189.34	11.69
Deferred outflow of resources	28.20	15.21	12.99
Long-term liabilities outstanding	119.98	116.42	3.56
Other liabilities	10.93	10.67	0.26
Net pension liability and other postemployment benefit	159.33	114.83	44.50
Total liabilities	290.24	241.92	48.32
Deferred inflows of resources	13.03	4.31	8.72
Net position:			
Net investment in capital assets	50.77	42.70	8.07
Restricted	1.15	0.46	0.69
Unrestricted	(125.96)	(84.84)	(41.12)
Total net position	\$ (74.04)	\$ (41.68)	\$ (32.36)

The 2017 figures have not been updated for the adoption of GASB 75.

The District's combined net position at the beginning of the fiscal year was (\$41,678,991) and on June 30, 2018 it was (\$74,031,466) which represents a decrease of \$32,352,475 as recorded in the statement of activities.

The decrease in Net Position of the District from the previous year amount can primarily be attributed to a mandated accounting change (Governmental Accounting Standards Board Statement No. 75 or "GASB 75") in the way pension liabilities are presented.

### *Capital Assets*

At June 30, 2018, the District had invested over \$234 million in a broad range of capital assets, including school buildings and facilities, site improvements, school buses and other vehicles and various types of equipment. Depreciation expense for the year amounted to approximately \$4 million, bringing accumulated depreciation to \$86.6 million as of June 30, 2018.

Table 2 West Ottawa Public Schools' Capital Assets				
	2018			2017
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 6,129,748	\$ -	\$ 6,129,748	\$ 6,129,748
Construction in progress	6,502,295	-	6,502,295	5,390,166
Buildings and improvements	202,368,548	73,845,105	128,523,443	124,866,681
Furniture and equipment	13,626,003	9,442,772	4,183,231	3,355,619
Buses and other vehicles	5,548,114	3,341,804	2,206,310	2,582,230
Total	<u>\$ 234,174,708</u>	<u>\$ 86,629,681</u>	<u>\$ 147,545,027</u>	<u>\$ 142,324,444</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, 2018, the District had approximately \$120 million in long-term obligations outstanding. This represents an increase of approximately \$4 million from the amount outstanding at the close of the prior fiscal year. The increase is the result of the issuance of new bonds in May 2018 less the retirement of principal as part of routine annual debt payments. During the year the District refunded a portion of the 2012A refunding bonds. The refunding caused the District's overall long-term debt to decrease by \$740,000.

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

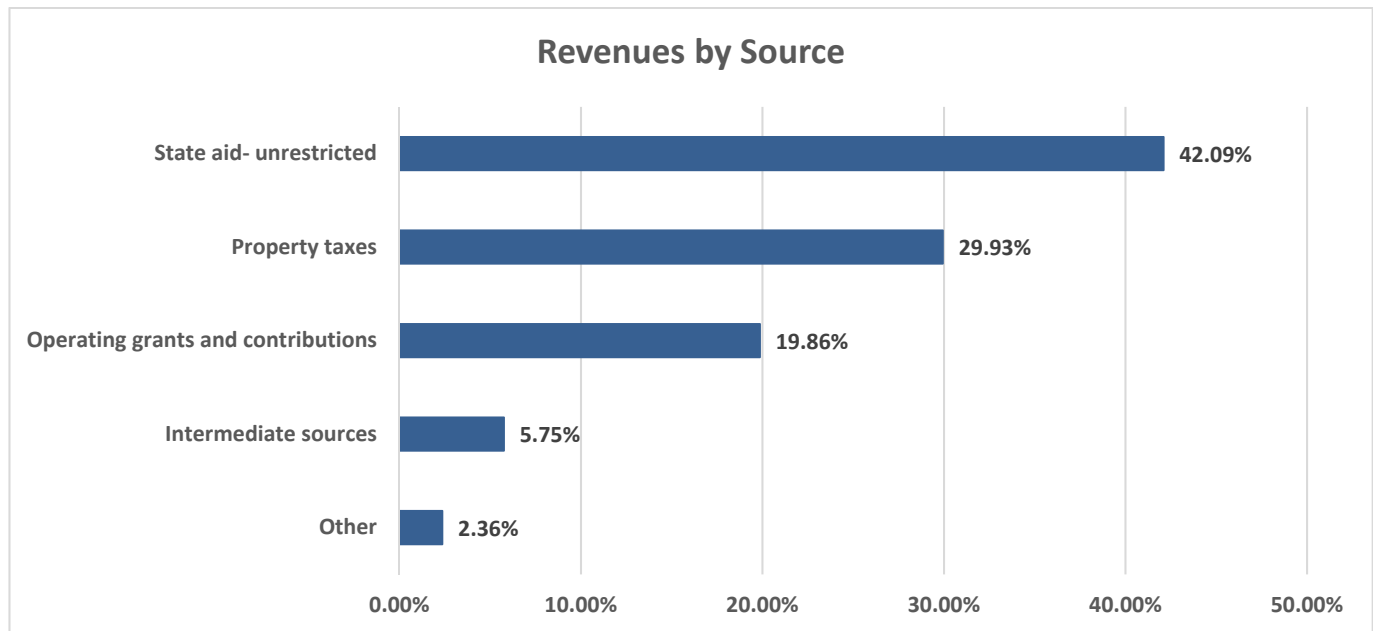
For the fiscal years ended June 30, 2018 and 2017, the results of operations, on a district-wide basis were:

	2018	2017	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,357,794	\$ 1,410,290	\$ (52,496)
Operating grants and contributions	18,719,153	17,038,196	1,680,957
General revenues:			
Property taxes	28,213,883	27,399,054	814,829
Investment earnings	321,171	268,130	53,041
State aid - unrestricted	39,676,076	39,447,322	228,754
Intermediate sources	5,424,135	5,548,347	(124,212)
Other	546,823	543,703	3,120
Total revenues	94,259,035	91,655,042	2,603,993
Expenses:			
Instruction	51,831,632	49,124,124	2,707,508
Support services	21,253,780	19,777,059	1,476,721
Community services	288,892	271,776	17,116
Food services	3,745,830	3,864,801	(118,971)
Interest on long-term debt	4,713,177	5,225,389	(512,212)
Unallocated depreciation	4,037,812	4,457,804	(419,992)
Total expenses	85,871,123	82,720,953	3,150,170
Change in net position	8,387,912	8,934,089	(546,177)
Net position, beginning of year	(82,419,378)	(50,613,080)	(31,806,298)
Net position, end of year	\$ (74,031,466)	\$ (41,678,991)	\$ (32,352,475)

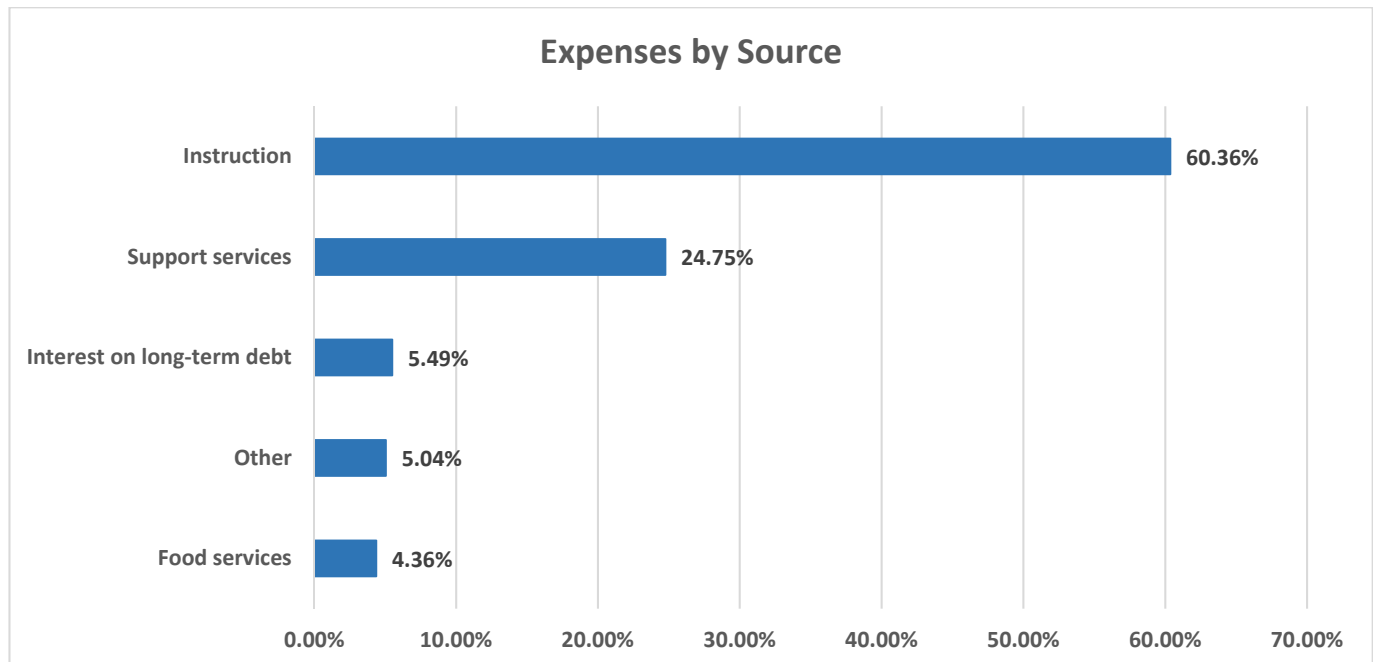
The 2017 figures have not been updated for the adoption of GASB 75.

In most of the above categories, the differences between the 2016-2017 fiscal year and the 2017-2018 fiscal year (change) would generally be considered well within the normal range.

One notable change in revenue was the growth in property tax collections due to a rebound in the local real estate market and some investment in new commercial and industrial buildings within the District's boundaries. The change in operating grant revenue is due to a significant increase in the State of Michigan's funding of the At Risk program.



On the expense side, an increase in Instruction expenses is related to the continued effort to spend more money on teaching and learning and less on operating expenses outside of the classroom. The sizeable decrease in interest expense is related to the refunding of the 2012A debt in 2017 as well as the retirement of some debt in the prior year.



## Analysis of Significant Revenues and Expenditures

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

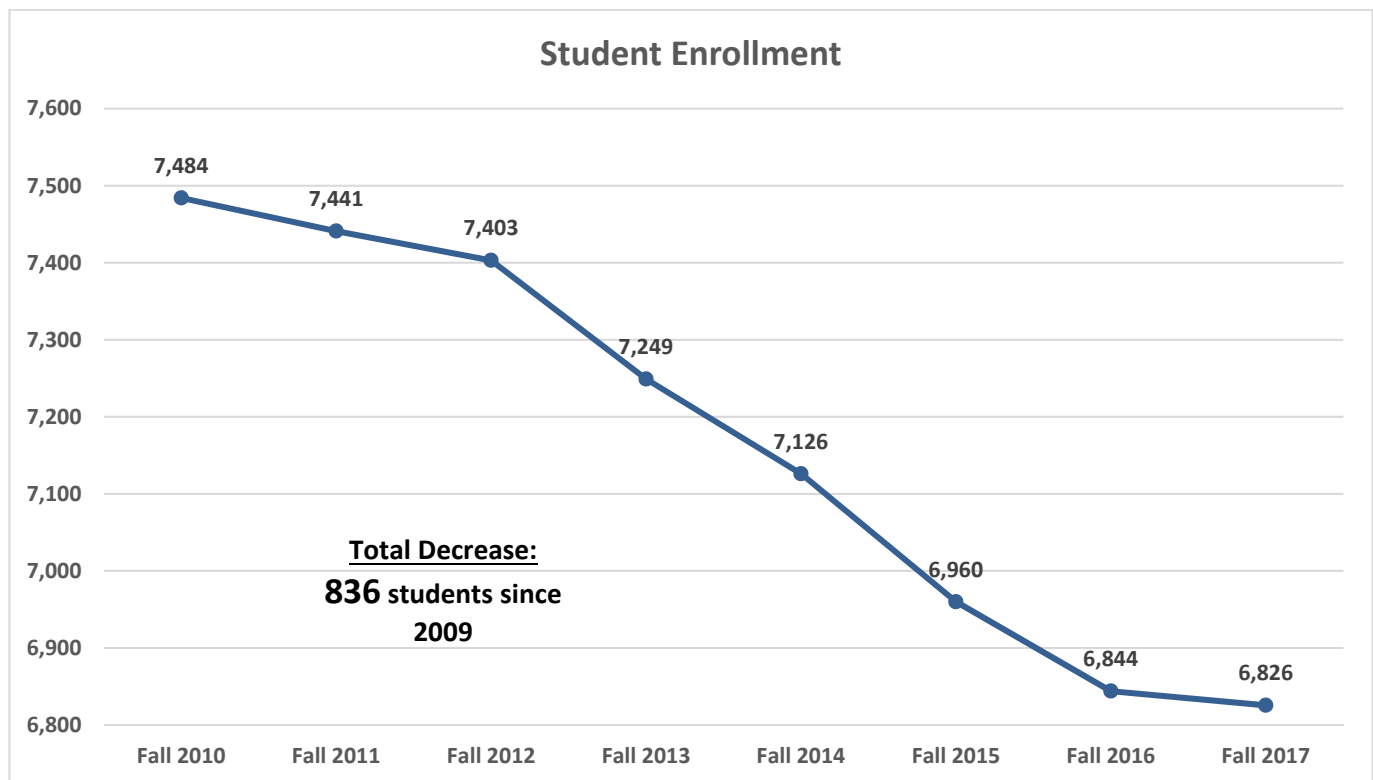
### *State Sources*

The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's October (2017) count and 10% of the prior year's February (2017) count. The state per-pupil allocation was \$7,511 for 2016-2017 and increased by \$120 per pupil for 2017-2018 to \$7,631 per pupil.

### *Student Enrollment*

The District's enrollment for the fall count of 2017-2018 was 6,826 students. This is a decrease of 18 students or 0.3% from the prior fall. The decrease was minimal when compared to recent years. Historical data is included below.

Year	Enrollment	Change from Prior Year
Fall 2017	6,826	-18
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 2017-2018 fiscal year, the District's net property tax revenues for general purposes were \$11,782,053. This was an increase of 2.3% from the prior year as property values continued 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 property tax revenues for debt retirement in the current year was \$15,827,830.

West Ottawa Public Schools levied a 0.2957 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 approximately \$604,000.

### *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 \$38.3 million, consistent with the prior year, with benefit costs up by approximately \$780,000 and equal to approximately \$25.3 million for the fiscal year. The total health benefit costs for 2017-2018 were about \$6.05 million, down approximately \$196,000 from the prior year. The District contributed around \$15.48 million toward employees' pension and other postemployment benefits, an increase of 6.5% over 2017-2018. The remaining benefits consisted of employer contributions toward social security, Medicare, and worker's compensation. Wage and benefit costs were equal to approximately 73% 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 2017-2018 fiscal year, the District amended the general fund budget, with the Board adopting the final changes in June 2018. 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>\$ 71,650,000</u>	<u>\$ 72,420,000</u>	<u>\$ 72,711,748</u>	<u>\$ 291,748</u>	0.40%
<b>Expenditures and other financing uses</b>					
Instruction	\$ 49,340,000	\$ 49,290,000	\$ 49,227,253	\$ 62,747	0.13%
Support services	21,440,000	21,735,000	21,718,741	16,259	0.07%
Community services	305,000	295,000	288,892	6,108	2.07%
Capital outlay	<u>265,000</u>	<u>400,000</u>	<u>390,955</u>	<u>9,045</u>	2.26%
<b>Total expenditures and other financing uses</b>	<u>\$ 71,350,000</u>	<u>\$ 71,720,000</u>	<u>\$ 71,625,841</u>	<u>\$ 94,159</u>	0.13%

The actual revenues and other financing sources for the general fund were about \$72.7 million. This is above the final amended budget by \$291,748 or 0.40%. The actual general fund expenditures and other financing uses were \$71.6 million. This is below the final amended budget amount by 0.13%. 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 \$1,085,907 in 2017-2018. 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 \$16 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 \$44.2 million, this was an increase of \$6.3 million from the prior year. The primary reason for this increase was due to the issuance of new bonds less capital project expenditures. Projects incurring significant expenditures during 2017-2018 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	\$ 14,945,693	\$ 16,600,368	\$ 6,291,530	\$ 37,837,591
Increase (decrease)	1,085,907	6,323,252	(1,063,782)	6,345,377
<b>End of year</b>	<u>\$ 16,031,600</u>	<u>\$ 22,923,620</u>	<u>\$ 5,227,748</u>	<u>\$ 44,182,968</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 \$908 million designated for K-12 funding to give it to higher education institutions and community colleges in 2018-2019. This is more than a \$270 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 2018 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 \$61.5 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, 2018**

	<b>Governmental activities</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 14,909,943
Investments	4,625,215
Receivables:	
Accounts receivable	12,674
Taxes receivable	69,284
Interest receivable	73,276
Intergovernmental	10,225,793
Due from fiduciary fund	30,218
Inventories	36,000
Prepays	142,587
Restricted cash - capital projects	3,595,001
Restricted investments - capital projects	19,763,002
Capital assets not being depreciated	12,632,043
Capital assets, net of accumulated depreciation	134,912,984
<b>TOTAL ASSETS</b>	<b>201,028,020</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred charge on refunding, net of amortization	117,778
Related to other postemployment benefit	2,879,216
Related to pension	25,205,245
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>28,202,239</b>
<b>LIABILITIES:</b>	
Accounts payable	1,619,094
Accrued salaries and related items	4,659,360
Accrued retirement	1,708,420
Accrued interest	1,631,759
Intergovernmental payable	606
Unearned revenue	1,312,545
Noncurrent liabilities:	
Due within one year	7,620,143
Due in more than one year	112,355,936
Net other postemployment benefit liability	40,533,595
Net pension liability	118,791,816
<b>TOTAL LIABILITIES</b>	<b>290,233,274</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Related to state aid funding for pension	4,708,215
Related to other postemployment benefit	1,370,331
Related to pension	6,949,905
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,028,451</b>
<b>NET POSITION:</b>	
Net investment in capital assets	50,772,203
Restricted for debt service	351,077
Restricted for capital projects	1,309,165
Unrestricted	(126,463,911)
<b>TOTAL NET POSITION</b>	<b>\$ (74,031,466)</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, 2018**

Functions/programs	Expenses	Program revenues		Governmental activities
		Charges for services	Operating grants	Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	\$ 51,831,632	\$ 103,051	\$ 11,108,975	\$ (40,619,606)
Support services	21,253,780	134,694	4,636,938	(16,482,148)
Community services	288,892	-	111,241	(177,651)
Food services	3,745,830	1,120,049	2,861,999	236,218
Interest on long-term debt	4,713,177	-	-	(4,713,177)
Unallocated depreciation	4,037,812	-	-	(4,037,812)
Total governmental activities	<u>\$ 85,871,123</u>	<u>\$ 1,357,794</u>	<u>\$ 18,719,153</u>	<u>(65,794,176)</u>
General revenues:				
Property taxes, levied for general purposes				11,782,053
Property taxes, levied for debt service				15,827,830
Property taxes, levied for capital projects sinking fund				604,000
Investment earnings				321,171
State sources				39,676,076
Intermediate sources				5,424,135
Other				546,823
Total general revenues				<u>74,182,088</u>
<b>CHANGE IN NET POSITION</b>				8,387,912
<b>NET POSITION</b> , beginning of year, as restated				<u>(82,419,378)</u>
<b>NET POSITION</b> , end of year				<u>\$ (74,031,466)</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, 2018**

	<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	\$ 9,445,588	\$ -	\$ 5,464,355	\$ 14,909,943
Investments	3,855,636	-	769,579	4,625,215
Receivables:				
Property taxes receivable	67,139	-	2,145	69,284
Accounts receivable	8,484	-	4,190	12,674
Interest receivable	-	73,276	-	73,276
Intergovernmental	10,177,192	-	48,601	10,225,793
Due from other funds	155,425	-	-	155,425
Due from fiduciary fund	-	-	30,218	30,218
Inventories	-	-	36,000	36,000
Prepays	125,504	-	17,083	142,587
Restricted cash - capital projects	-	3,595,001	-	3,595,001
Restricted investments - capital projects	-	19,763,002	-	19,763,002
<b>TOTAL ASSETS</b>	<b>\$ 23,834,968</b>	<b>\$ 23,431,279</b>	<b>\$ 6,372,171</b>	<b>\$ 53,638,418</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 180,557	\$ 507,659	\$ 930,878	\$ 1,619,094
Accrued salaries and related items	4,646,864	-	12,496	4,659,360
Accrued retirement	1,707,596	-	824	1,708,420
Intergovernmental payable	-	-	606	606
Due to other funds	-	-	155,425	155,425
Unearned revenue	1,268,351	-	44,194	1,312,545
<b>TOTAL LIABILITIES</b>	<b>7,803,368</b>	<b>507,659</b>	<b>1,144,423</b>	<b>9,455,450</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:				
Prepays	\$ 125,504	\$ -	\$ 17,083	\$ 142,587
Restricted:				
Food service	-	-	973,571	973,571
Capital projects	-	22,923,620	1,309,165	24,232,785
Debt service	-	-	1,982,836	1,982,836
Assigned:				
Capital projects	-	-	945,093	945,093
Unassigned	15,906,096	-	-	15,906,096
<b>TOTAL FUND BALANCES</b>	<b>16,031,600</b>	<b>22,923,620</b>	<b>5,227,748</b>	<b>44,182,968</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,834,968</b>	<b>\$ 23,431,279</b>	<b>\$ 6,372,171</b>	<b>\$ 53,638,418</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, 2018**

<b>Total governmental fund balances</b>	\$ 44,182,968
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources - related to pension	25,205,245
Deferred outflows of resources - related to other postemployment benefit	2,879,216
Deferred outflows of resources - charges on refunding, net of amortization	117,778
Deferred inflows of resources - related to pension	(6,949,905)
Deferred inflows of resources - state aid funding for pension and other postemployment benefit	(4,708,215)
Deferred inflows of resources - related to other postemployment benefit	(1,370,331)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	234,174,708
Accumulated depreciation is	(86,629,681)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(112,154,078)
Accreted interest on capital appreciation bonds	(7,660,144)
Compensated absences and termination benefits	(161,857)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(1,631,759)
Net other postemployment benefit liability	(40,533,595)
Net pension liability	(118,791,816)
<b>Net position of governmental activities</b>	<u><u>\$ (74,031,466)</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, 2018**

	<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	\$ 11,782,053	\$ -	\$ 16,431,830	\$ 28,213,883
Tuition	103,051	-	-	103,051
Investment earnings	90,921	142,214	88,036	321,171
Food sales	-	-	1,080,728	1,080,728
Other	186,920	-	594,256	781,176
Total local sources	12,162,945	142,214	18,194,850	30,500,009
State sources	52,228,887	-	619,535	52,848,422
Federal sources	2,700,591	-	2,702,355	5,402,946
Incoming transfers and other	5,449,325	-	-	5,449,325
Total revenues	72,541,748	142,214	21,516,740	94,200,702
<b>EXPENDITURES:</b>				
Current:				
Instruction	49,227,253	-	-	49,227,253
Supporting services	21,718,741	-	-	21,718,741
Food service activities	-	-	3,742,606	3,742,606
Community service activities	288,892	-	-	288,892
Capital outlay	390,955	8,751,489	2,855,196	11,997,640

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

	<b>General fund</b>	<b>2014 Capital projects fund</b>	<b>Total nonmajor funds</b>	<b>Total governmental funds</b>
<b>EXPENDITURES: (Concluded)</b>				
Debt service:				
Principal repayment	\$ -	\$ -	\$ 6,656,750	\$ 6,656,750
Interest	-	-	8,927,323	8,927,323
Payment to refunding bond escrow agent	-	-	235,000	235,000
Bond issuance costs	-	129,324	136,891	266,215
Other	-	-	2,750	2,750
Total expenditures	71,625,841	8,880,813	22,556,516	103,063,170
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	915,907	(8,738,599)	(1,039,776)	(8,862,468)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of bonds	-	13,795,000	-	13,795,000
Refunding bonds issued	-	-	12,835,000	12,835,000
Payment to refunding bond escrow agent	-	-	(14,611,442)	(14,611,442)
Bond premium	-	1,266,851	1,913,333	3,180,184
Proceeds from sale of capital assets	-	-	9,103	9,103
Transfer in	170,000	-	237,918	407,918
Transfer out	-	-	(407,918)	(407,918)
Total other financing sources (uses)	170,000	15,061,851	(24,006)	15,207,845
<b>NET CHANGE IN FUND BALANCES</b>	1,085,907	6,323,252	(1,063,782)	6,345,377
<b>FUND BALANCES:</b>				
Beginning of year	14,945,693	16,600,368	6,291,530	37,837,591
End of year	<u>\$ 16,031,600</u>	<u>\$ 22,923,620</u>	<u>\$ 5,227,748</u>	<u>\$ 44,182,968</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, 2018**

<b>Net change in fund balances total governmental funds</b>	\$ 6,345,377
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	(4,037,812)
Capital outlay	9,353,780
Unrecovered cost on asset disposal	(95,385)
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	1,489,686
Accrued interest payable, end of the year	(1,631,759)
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 from debt refunding bonds	(12,835,000)
Debt refunded	13,575,000
Premium on debt refunding bonds	(886,069)
Deferred charge on refunding	244,179
Proceeds from debt issuance	(13,795,000)
Premium on the debt issuance	(1,266,851)
Payments on debt	6,656,750
Net decrease in accretion on bonds	4,356,219
Amortization of bond premium	(55,479)
Amortization of deferred charges on refunding	535,296
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	265,448
Accrued compensated absences and termination benefits, end of the year	(161,857)
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	(206,181)
Other postemployment benefit related items	402,058
Restricted revenue reported in the government funds that is deferred to offset the deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period:	
Pension and other postemployment benefit related items, beginning of year	4,843,727
Pension related items, end of year	(4,708,215)
<b>Change in net position of governmental activities</b>	<u><u>\$ 8,387,912</u></u>

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

**WEST OTTAWA PUBLIC SCHOOLS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2018**

	<u>Agency fund</u>
<b>ASSETS:</b>	
Cash	\$ 1,075,610
Investments	432,323
Accounts receivable	<u>16,880</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,524,813</u></u>
<b>LIABILITIES:</b>	
Accounts payable	\$ 3,389
Due to other funds	30,218
Accrued salaries and related items	1,830
Accrued retirement	430
Due to student and other groups	<u>1,488,946</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,524,813</u></u>

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

## **NOTES TO 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 District issued \$13,795,000 of bonds on May 23, 2018, at which time all funds were available for the intended purpose of the bond issued. The issuance is the second series of bonds related to the 2014 capital projects fund. Beginning with the year of bond issuance, the District reported the annual construction activity in the 2014 capital projects fund. 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>\$ 62,579,183</u>
Expenditures	<u>\$ 39,655,563</u>

The above revenue amount includes net bond proceeds of \$61,587,587.

#### **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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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).

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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Measurement Focus and Basis of Accounting (Concluded)**

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.

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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). 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, 2018. 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 3 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 2 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 plans

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits 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.

**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

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 has three items that qualify for reporting in this category. They are the deferred charge on refunding and pension and other postemployment benefit related items reported in the government-wide statement of net position. 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. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

7. 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 is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

8. 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. The District's restricted food service net position has been eliminated by the accruals for the net pension liability and net other postemployment benefit liability.



**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)**

9. 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. The resources received from selling inventory in the food service fund are restricted, therefore the fund balance amount related to inventory is not reported as nonspendable 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.

10. 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.

**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)**

10. Fund balance policies (Concluded)

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.

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, 2018, 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	0.2957

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**H. Revenues and Expenditures/Expenses (Concluded)**

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.

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.

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2018, 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	\$ 546,716	0.0027	N/A	2.20%
United States Treasury Notes	15,310,066	2.1910	AA+	61.68%
Chemical Bank - CD	1,041,241	0.6411	N/A	4.20%
Chemical Bank - CD	500,000	0.8685	N/A	2.01%
Lake Michigan Credit Union - CD	504,961	0.2329	N/A	2.03%
Horizon Bank - CD	1,000,000	0.2110	N/A	4.03%
Flagstar - CD	509,433	0.3945	N/A	2.05%
Flagstar - CD	300,000	0.8110	N/A	1.21%
Lake Michigan Credit Union - CD	257,373	0.9973	N/A	1.04%
Chemical Bank - CD	409,133	0.8740	N/A	1.65%
Lake Michigan Credit Union - CD	257,145	0.9973	N/A	1.04%
First United Credit Union - CD	255,061	0.2986	N/A	1.03%
Horizon Bank - CD	1,700,000	0.6685	N/A	6.85%
Horizon Bank - CD	1,706,221	0.9288	N/A	6.87%
Chemical Bank - CD	500,000	0.2411	N/A	2.01%
FDIC insured deposit account	11,268	0.0027	N/A	0.05%
United States Treasury Debentures	11,922	3.0110	AA+	0.05%
Total fair value	<u>\$ 24,820,540</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>1.5812</u>		

1 day maturity equals 0.0027, one year equals 1.00

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

**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, 2018, the District did not have investments in commercial paper and corporate bonds.

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

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

**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, 2018, \$26,427,129 of the District's bank balance of \$28,177,129 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$19,580,554.

**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.

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.

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

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

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, 2018, the carrying amount is as follows:

Deposits	\$ 19,580,554
Investments	24,820,540
	<u>\$ 44,401,094</u>

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

Cash and cash equivalents:	
Government wide - unrestricted	\$ 14,909,943
Government wide - restricted	3,595,001
Agency	1,075,610
Investments:	
Government wide - unrestricted	4,625,215
Government wide - restricted	19,763,002
Agency	432,323
	<u>\$ 44,401,094</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, 2017	Additions	Deletions	Balance June 30, 2018
Assets not being depreciated:				
Land	\$ 6,129,748	\$ -	\$ -	\$ 6,129,748
Construction in progress	5,390,166	6,502,295	5,390,166	6,502,295
Subtotal	11,519,914	6,502,295	5,390,166	12,632,043
Other capital assets:				
Buildings and improvements	195,533,745	6,834,803	-	202,368,548
Furniture and equipment	12,410,287	1,232,856	17,140	13,626,003
Buses and other vehicles	5,522,009	173,992	147,887	5,548,114
Subtotal	213,466,041	8,241,651	165,027	221,542,665
Accumulated depreciation:				
Buildings and improvements	70,667,064	3,178,041	-	73,845,105
Furniture and equipment	9,054,668	405,244	17,140	9,442,772
Buses and other vehicles	2,939,779	454,527	52,502	3,341,804
Total accumulated depreciation	82,661,511	4,037,812	69,642	86,629,681
Net capital assets being depreciated	130,804,530	4,203,839	95,385	134,912,984
Net governmental capital assets	\$ 142,324,444	\$ 10,706,134	\$ 5,485,551	\$ 147,545,027

Depreciation expense for the fiscal year ended June 30, 2018 amounted to \$4,037,812. 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 \$6,100,000.

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2018 consist of the following:

State aid	\$ 9,252,896
Federal revenue	634,208
Intermediate sources and other	338,689
	<u>\$ 10,225,793</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, 2018:

	Accumulated compensated absences and termination benefits	Bonds and other debt	Total
Balance, July 1, 2017	\$ 265,448	\$ 116,154,567	\$ 116,420,015
Additions	-	28,247,624	28,247,624
Deletions	(103,591)	(24,587,969)	(24,691,560)
Balance, June 30, 2018	161,857	119,814,222	119,976,079
Due within one year	16,186	7,603,957	7,620,143
Due in more than one year	<u>\$ 145,671</u>	<u>\$ 112,210,265</u>	<u>\$ 112,355,936</u>



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

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

Bonds payable at June 30, 2018 is comprised of the following issues:

1992 refunding bonds - \$51,425,000, due in annual installments of \$1,268,957 to \$1,286,416 through May 1, 2020 with interest at 6.400%; including accreted interest on capital appreciation bonds of \$7,660,144.	\$ 10,215,517
2012 Series A refunding bonds - \$76,745,000, due in annual installments of \$1,470,000 to \$2,665,000 through May 1, 2032 with interest from 3.500% to 5.000%.	23,530,000
2012 Series B refunding bonds - \$34,940,000, due in annual installments of \$1,720,000 to \$2,040,000 through May 1, 2020 with interest from 3.000% to 5.000%.	3,760,000
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%.	37,625,000
2015 refunding bonds - \$6,580,000, due in annual installments of \$680,000 to \$2,000,000 through May 1, 2022 with interest at 3.000%.	3,680,000
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
2017 refunding bonds - \$12,835,000, due in annual installments of \$825,000 to \$1,620,000 through November 1, 2032 with interest from 4.000% to 5.000%.	12,835,000
2018 building and site bonds - \$13,795,000, due in annual installments of \$300,000 to \$3,075,000 through November 1, 2038 with interest from 4.000% to 5.000%.	13,795,000
Plus premium on bond refunding	8,658,705
Total general obligation debt	119,814,222
Obligation under contract for compensated absences and termination benefits	161,857
Total general long-term debt	<u>\$ 119,976,079</u>

On December 14, 2017, the District issued general obligation bonds of \$12,835,000 with an interest rate of 4.0% to 5.0% and made a payment of \$235,000 to advance refund a portion of the District's outstanding 2012 Series A refunding bonds with an interest rate of 3.5% to 5.0%. The bonds mature at various times through November 1, 2031. The general obligation bonds were issued at a premium of \$1,913,333 after paying issuance costs of \$136,890. The net proceeds were \$14,611,443. 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 \$740,000, creating an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$951,295.

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, 2018, \$80,920,000 of bonds outstanding are considered defeased.

The annual requirements to amortize debt outstanding as of June 30, 2018, including interest payments of \$48,729,548 are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 7,603,957	\$ 9,790,551	\$ 17,394,508
2020	7,281,416	10,039,526	17,320,942
2021	9,790,000	3,837,999	13,627,999
2022	8,985,000	3,417,767	12,402,767
2023	6,670,000	3,019,281	9,689,281
2024 - 2028	28,695,000	10,883,610	39,578,610
2029 - 2033	19,895,000	5,644,439	25,539,439
2034 - 2038	12,500,000	2,013,375	14,513,375
2039	2,075,000	83,000	2,158,000
	103,495,373	48,729,548	152,224,921
Accreted interest on capital appreciation bonds	7,660,144	-	7,660,144
Premium on bond refunding	8,658,705	-	8,658,705
Accumulated compensated absences and termination benefits	161,857	-	161,857
	\$ 119,976,079	\$ 48,729,548	\$ 168,705,627

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, 2018 are as follows:

Receivable fund		Payable fund	
General fund	\$ 155,425	Building transfer fund	\$ 155,420
		Food service fund	5
	<u>\$ 155,425</u>		<u>\$ 155,425</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 - RETIREMENT AND POST RETIREMENT BENEFITS**

**Plan Description**

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

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

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.

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Benefits Provided - Overall**

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

<u>Plan name</u>	<u>Plan type</u>	<u>Plan status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

**Benefits Provided - Pension**

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

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

**Pension Reform 2010**

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus Plan member. Pension Plus Plan 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 Plan members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus Plan members.

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**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.

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

**Option 1** - Members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until terminate public school employment.

- Basic Plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

**Option 2** - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

**Option 3** - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Pension Reform 2012 (Concluded)**

**Option 4** - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

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.

**Pension Reform of 2017**

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus Plan) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but containing 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 is 6%. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for 2 consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

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

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

#### **Benefits Provided - Other Postemployment Benefit (OPEB)**

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

#### **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.

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.

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

Eligibility - A Basic plan member may retire at 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.

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

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

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

**Member Contributions**

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefit. Plan members electing the Defined Contribution plan are not required to make additional contributions.

**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 Benefit (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.

For retirement and OPEB benefit, the unfunded (overfunded) actuarial accrued liability as of September 30, 2016 valuation will be amortized over a 22-year period for fiscal 2017.

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:

	<u>Pension</u>	<u>Other postemployment benefit</u>
October 1, 2016 - September 30, 2017	15.27% - 19.03%	5.69% - 5.91%
October 1, 2017 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

The District's pension contributions for the year ended June 30, 2018 were equal to the required contribution total. Pension contributions were approximately \$11,902,000, with \$11,766,000 specifically for the Defined Benefit Plan.



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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Employer Contributions (Concluded)**

The District's OPEB contributions for the year ended June 30, 2018 were equal to the required contribution total. OPEB benefits were approximately \$3,422,000, with \$3,280,000 specifically for the Defined Benefit Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

**Pension Liabilities**

At June 30, 2018, the District reported a liability of \$118,791,816 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2016 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, 2017 and 2016, the District's proportion was 0.45840% and 0.46027%.

<u><i>MPSERS (Plan) Non-university employers</i></u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Total pension liability	\$ 72,407,218,688	\$ 67,917,445,078
Plan fiduciary net position	\$ 46,492,967,573	\$ 42,968,263,308
Net pension liability	\$ 25,914,251,115	\$ 24,949,181,770
Proportionate share	0.45840%	0.46027%
Net pension liability for the District	\$ 118,791,816	\$ 114,833,132

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

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

For the year ended June 30, 2018, the District recognized pension expense of \$11,973,000.

At June 30, 2018, 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	\$ 13,014,587	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,679,030
Differences between expected and actual experience	1,032,382	582,887
Changes in proportion and differences between employer contributions and proportionate share of contributions	319,809	687,988
Reporting Unit's contributions subsequent to the measurement date	10,838,467	-
	<u>\$ 25,205,245</u>	<u>\$ 6,949,905</u>

\$10,838,467, 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
2018	\$ 2,074,469
2019	4,021,877
2020	1,623,520
2021	(302,993)

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

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

**OPEB Liabilities**

At June 30, 2018, the District reported a liability of \$40,533,595 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2016 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017, the District's proportion was 0.45772%.

<u>MPERS (Plan) Non-university employers</u>	<u>September 30, 2017</u>
Total other postemployment benefit liability	\$ 13,920,945,991
Plan fiduciary net position	\$ 5,065,474,948
Net other postemployment benefit liability	\$ 8,855,471,043
Proportionate share	0.45772%
Net other postemployment benefit liability for the District	\$ 40,533,595

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$2,878,000.

At June 30, 2018, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	938,767
Differences between expected and actual experience	-	431,564
Changes in proportion and differences between employer contributions and proportionate share of contributions	616	-
Reporting Unit's contributions subsequent to the measurement date	2,878,600	-
	<u>\$ 2,879,216</u>	<u>\$ 1,370,331</u>

\$2,878,600, reported as deferred outflows of resources related to OPEB resulting from district employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	Amount
2018	\$ (331,006)
2019	(331,006)
2020	(331,006)
2021	(331,006)
2022	(45,691)

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Actuarial Assumptions**

**Investment rate of return for pension** - 7.5% 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).

**Investment rate of return for OPEB** - 7.5% a year, compounded annually net of investment and administrative expenses.

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

**Inflation** - 3.0%.

**Mortality assumptions** - RP2000 Combined Healthy Life Mortality table, adjusted for mortality improvements to 2025 using projection scale BB (for men, 80% of the table rates were used and for women, 70% of the table rates were used).

**Experience study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2016. 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 and other postemployment benefit plan investments** - The pension rate was 7.5% (7% Pension Plus Plan), and the other postemployment benefit rate was 7.5%, 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.

**Cost of living pension adjustments** - 3.0% annual non-compounded for MIP members.

**Healthcare cost trend rate for other postemployment benefit** - 7.5% for year one and graded to 3.5% to year twelve.

**Additional assumptions for other postemployment benefit only - applies to individuals hired before September 4, 2012:**

**Opt Out Assumption** - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

**Survivor Coverage** - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Actuarial Assumptions (Continued)**

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

The target asset allocation at September 30, 2017 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	28.0%	5.6%
Alternate Investment Pools	18.0%	8.7%
International Equity	16.0%	7.2%
Fixed Income Pools	10.5%	(0.1)%
Real Estate and Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.0%
Short Term Investment Pools	2.0%	(0.9)%
	<u>100.00%</u>	

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

**Pension discount rate** - The discount rate used to measure the total pension liability was 7.5% (7.0% for Pension Plus Plan). This discount rate was based on the long-term rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Actuarial Assumptions (Continued)**

**OPEB discount rate** - The discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the 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 7.5% (7.0% 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 one percentage point lower or one percentage point higher than the current rate:

	Pension		
	1% Decrease (6.5% / 6.0%)	Discount rate (7.5% / 7.0%)	1% Increase (8.5% - 8.0%)
Reporting Unit's proportionate share of the net pension liability	\$ 154,746,225	\$ 118,791,816	\$ 88,520,494

**Sensitivity of the net OPEB liability to changes in the discount rate** - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Other postemployment benefit		
	1% Decrease (6.5%)	Discount rate (7.5%)	1% Increase (8.5%)
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 47,476,555	\$ 40,533,595	\$ 34,641,196

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

**NOTE 7 - RETIREMENT AND POST RETIREMENT BENEFITS (Concluded)**

**Actuarial Assumptions (Concluded)**

**Sensitivity to the net OPEB liability to changes in the healthcare cost trend rates** - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.5% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Other postemployment benefit		
	1% Decrease (6.5% decreasing to 2.5%)	Discount rate (7.5% decreasing to 3.5%)	1% Increase (9.0% decreasing to 4.5%)
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 34,326,506	\$ 40,533,595	\$ 47,581,312

**Pension and OPEB Plan Fiduciary Net Position**

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2017 Comprehensive Annual Financial Report.

**Payable to the pension and OPEB plan** - At year end the School District is current on all required pension and other postemployment benefit 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 from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

**Other Information**

On December 20, 2017, the Michigan Supreme Court affirmed that Public Act 75 of 2010 is unconstitutional as it substantially impaired the employee's employment contracts by involuntarily reducing the employee's wages by 3%. As a result, the funds collected pursuant to Public Act 75 before the effective date of Public Act 300 of 2012, must be refunded to the employees in accordance with the Michigan Court of Claims judgment on the aforementioned court case. Effective September 30, 2017, the 3% contribution collected under Public Act 75, which amounted to approximately \$554 million (including interest), was posted as a liability on the plan's CAFR report.



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

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (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 3 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 \$6,000,000 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 \$600,000 of claims for every participant. The District has purchased excess insurance to cover claims exceeding this amount, both individually and in the aggregate.

The District is insured under the Michigan Workers Disability Compensation Act through the SEG 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 \$170,000 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds. \$237,918 was transferred between the debt service funds, of which \$235,000 was for the 2017 refunding bonds.

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

**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**

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

Municipality	Taxes abated			
	IFT	Brownfield	PILOT	Total
Olive Township	\$ 6,435	\$ -	\$ -	\$ 6,435
Holland Charter Township	556,372	36,211	116,822	709,405
	<u>\$ 562,807</u>	<u>\$ 36,211</u>	<u>\$ 116,822</u>	<u>\$ 715,840</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.

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

**NOTE 12 - NEW ACCOUNTING STANDARD**

For the year ended June 30, 2018, the District implemented the following new pronouncement: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Summary:**

GASB Statement No. 75 requires governments that participate in defined benefit Other Postemployment 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. The Statement 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.

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

	<u>Governmental activities</u>
Net position as previously stated July 1, 2017	\$ (41,678,991)
Adoption of GASB Statement No. 75:	
Net other postemployment benefit liability	(42,753,963)
Deferred outflows	3,327,195
Deferred inflows	<u>(1,313,619)</u>
Net position as restated July 1, 2017	<u><u>\$ (82,419,378)</u></u>

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

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

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.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the District's 2021 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2018**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Local sources	\$ 11,900,000	\$ 12,080,000	\$ 12,162,945	\$ 82,945
State sources	50,800,000	52,160,000	52,228,887	68,887
Federal sources	3,000,000	2,600,000	2,700,591	100,591
Incoming transfers and other	5,950,000	5,410,000	5,449,325	39,325
Total revenues	<u>71,650,000</u>	<u>72,250,000</u>	<u>72,541,748</u>	<u>291,748</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Basic programs	40,850,000	39,865,000	39,853,159	11,841
Added needs	8,490,000	9,425,000	9,374,094	50,906
Total instruction	<u>49,340,000</u>	<u>49,290,000</u>	<u>49,227,253</u>	<u>62,747</u>
Supporting services:				
Pupil	3,875,000	3,870,000	3,869,853	147
Instructional staff	2,680,000	2,510,000	2,509,976	24
General administration	550,000	600,000	599,846	154
School administration	3,400,000	3,420,000	3,419,486	514
Business	600,000	615,000	613,449	1,551
Operation/maintenance	5,465,000	5,800,000	5,791,705	8,295
Pupil transportation	2,600,000	2,500,000	2,499,977	23
Central	1,030,000	1,185,000	1,179,456	5,544
Athletics	1,240,000	1,235,000	1,234,993	7
Total supporting services	<u>21,440,000</u>	<u>21,735,000</u>	<u>21,718,741</u>	<u>16,259</u>
Community services	<u>305,000</u>	<u>295,000</u>	<u>288,892</u>	<u>6,108</u>
Capital outlay	<u>265,000</u>	<u>400,000</u>	<u>390,955</u>	<u>9,045</u>
Total expenditures	<u>71,350,000</u>	<u>71,720,000</u>	<u>71,625,841</u>	<u>94,159</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>300,000</u>	<u>530,000</u>	<u>915,907</u>	<u>385,907</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 300,000</u>	<u>\$ 700,000</u>	<u>1,085,907</u>	<u>\$ 385,907</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>14,945,693</u>	
End of year			<u>\$ 16,031,600</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 4 FICAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.45840%	0.46027%	0.46219%	0.45848%
Reporting Unit's proportionate share of net pension liability	\$ 118,791,816	\$ 114,833,132	\$ 112,891,123	\$ 100,986,711
Reporting Unit's covered-employee payroll	\$ 38,644,745	\$ 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	307.39%	295.97%	292.50%	257.70%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	64.21%	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 PENSION CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN**  
**LAST 4 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 11,766,432	\$ 10,335,560	\$ 9,810,891	\$ 8,086,710
Contributions in relation to statutorily required contributions	<u>11,766,432</u>	<u>10,335,560</u>	<u>9,810,891</u>	<u>8,086,710</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 38,146,494	\$ 37,878,158	\$ 38,800,553	\$ 38,388,804
Contributions as a percentage of covered-employee payroll	30.85%	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  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATES SHARE  
OF THE NET OPEB LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN  
LAST FISCAL YEAR (DETERMINED AS OF THE PLAN YEAR SEPTEMBER 30)**

	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.45772%
Reporting Unit's proportionate share of net OPEB liability	\$ 40,533,595
Reporting Unit's covered-employee payroll	\$ 38,644,745
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	104.89%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	36.39%

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 OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN  
LAST FISCAL YEAR (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2018</u>
Statutorily required contributions	\$ 3,729,757
Contributions in relation to statutorily required contributions	<u>3,729,757</u>
Contribution deficiency (excess)	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 38,146,494
Contributions as a percentage of covered-employee payroll	9.78%

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, 2018**

**Changes of benefit terms:** There were no changes of benefit terms in 2017.

**Changes of assumptions:** There were no changes of benefit assumptions in 2017.

## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2018**

	<u>Special revenue</u>		<u>Nonmajor capital projects</u>	<u>Total nonmajor funds</u>
<b>ASSETS</b>	<u>Food service</u>	<u>Debt service</u>		
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 657,955	\$ 1,982,960	\$ 2,823,440	\$ 5,464,355
Investments	257,373	-	512,206	769,579
Accounts receivable	1,054	70	3,066	4,190
Property taxes receivable	-	306	1,839	2,145
Intergovernmental receivable	48,601	-	-	48,601
Due from fiduciary fund	30,218	-	-	30,218
Inventories	36,000	-	-	36,000
Prepays	17,083	-	-	17,083
<b>TOTAL ASSETS</b>	<u>\$ 1,048,284</u>	<u>\$ 1,983,336</u>	<u>\$ 3,340,551</u>	<u>\$ 6,372,171</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,482	\$ -	\$ 929,396	\$ 930,878
Accrued salaries and related items	12,496	-	-	12,496
Accrued retirement	824	-	-	824
Intergovernmental payable	-	500	106	606
Due to other funds	5	-	155,420	155,425
Unearned revenue	42,823	-	1,371	44,194
<b>TOTAL LIABILITIES</b>	<u>57,630</u>	<u>500</u>	<u>1,086,293</u>	<u>1,144,423</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepays	17,083	-	-	17,083
Restricted	973,571	1,982,836	1,309,165	4,265,572
Assigned:				
Capital projects	-	-	945,093	945,093
<b>TOTAL FUND BALANCES</b>	<u>990,654</u>	<u>1,982,836</u>	<u>2,254,258</u>	<u>5,227,748</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,048,284</u>	<u>\$ 1,983,336</u>	<u>\$ 3,340,551</u>	<u>\$ 6,372,171</u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2018**

	<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	\$ -	\$ 15,827,830	\$ 604,000	\$ 16,431,830
Investment earnings	4,524	60,087	23,425	88,036
Food sales	1,080,728	-	-	1,080,728
Other	30,218	88,769	475,269	594,256
Total local sources	1,115,470	15,976,686	1,102,694	18,194,850
State sources	159,639	438,351	21,545	619,535
Federal sources	2,702,355	-	-	2,702,355
Total revenues	3,977,464	16,415,037	1,124,239	21,516,740
<b>EXPENDITURES:</b>				
Current:				
Food service activities	3,742,606	-	-	3,742,606
Capital outlay	79,396	-	2,775,800	2,855,196
Debt service:				
Principal repayment	-	6,656,750	-	6,656,750
Interest	-	8,927,323	-	8,927,323
Bond issuance costs	-	136,891	-	136,891
Payment to refund bond escrow agent	-	235,000	-	235,000
Other	-	2,750	-	2,750
Total expenditures	3,822,002	15,958,714	2,775,800	22,556,516
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	155,462	456,323	(1,651,561)	(1,039,776)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	9,103	-	-	9,103
Refunding bonds issued	-	12,835,000	-	12,835,000
Payment to refund bond escrow agent	-	(14,611,442)	-	(14,611,442)
Bond premium	-	1,913,333	-	1,913,333
Transfers in	-	237,918	-	237,918
Transfers out	(170,000)	(237,918)	-	(407,918)
Total other financing uses	(160,897)	136,891	-	(24,006)
<b>NET CHANGE IN FUND BALANCES</b>	(5,435)	593,214	(1,651,561)	(1,063,782)
<b>FUND BALANCES:</b>				
Beginning of year	996,089	1,389,622	3,905,819	6,291,530
End of year	\$ 990,654	\$ 1,982,836	\$ 2,254,258	\$ 5,227,748

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**FOOD SERVICE FUND**  
**YEAR ENDED JUNE 30, 2018**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>REVENUES:</b>				
Local sources	\$ 1,000,000	\$ 1,000,000	\$ 1,115,470	\$ 115,470
State sources	150,000	150,000	159,639	9,639
Federal sources	2,775,000	2,775,000	2,702,355	(72,645)
Incoming transfers and other	5,000	5,000	9,103	4,103
Total revenues	<u>3,930,000</u>	<u>3,930,000</u>	<u>3,986,567</u>	<u>56,567</u>
<b>EXPENDITURES:</b>				
Current:				
General administration	3,000	3,000	3,000	-
Food service activities and capital outlay	<u>3,852,000</u>	<u>3,852,000</u>	<u>3,819,002</u>	<u>32,998</u>
Total expenditures	<u>3,855,000</u>	<u>3,855,000</u>	<u>3,822,002</u>	<u>32,998</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>75,000</u>	<u>75,000</u>	<u>164,565</u>	<u>89,565</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(210,000)</u>	<u>(210,000)</u>	<u>(170,000)</u>	<u>40,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (135,000)</u>	<u>\$ (135,000)</u>	<u>(5,435)</u>	<u>\$ 129,565</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>996,089</u>	
End of year			<u>\$ 990,654</u>	

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
JUNE 30, 2018**

	<u>1992</u>	<u>2008 Refunding</u>	<u>2012A Refunding</u>	<u>2012B Refunding</u>	<u>2014</u>	<u>2015 Refunding</u>	<u>2016 Refunding</u>	<u>2017 Refunding</u>	<u>Total debt service</u>
<b>ASSETS</b>									
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 760,624	\$ 57,284	\$ 216,336	\$ 327,637	\$ 420,795	\$ 158,729	\$ 36,217	\$ 5,338	\$ 1,982,960
Accounts receivable	-	-	70	-	-	-	-	-	70
Property taxes receivable	120	7	30	51	69	23	2	4	306
<b>TOTAL ASSETS</b>	<u>\$ 760,744</u>	<u>\$ 57,291</u>	<u>\$ 216,436</u>	<u>\$ 327,688</u>	<u>\$ 420,864</u>	<u>\$ 158,752</u>	<u>\$ 36,219</u>	<u>\$ 5,342</u>	<u>\$ 1,983,336</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES:</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ 500
<b>FUND BALANCES:</b>									
Restricted for debt service	760,744	57,291	216,436	327,688	420,864	158,252	36,219	5,342	1,982,836
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 760,744</u>	<u>\$ 57,291</u>	<u>\$ 216,436</u>	<u>\$ 327,688</u>	<u>\$ 420,864</u>	<u>\$ 158,752</u>	<u>\$ 36,219</u>	<u>\$ 5,342</u>	<u>\$ 1,983,336</u>



**WEST OTTAWA PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	1992	2008 Refunding	2012A Refunding	2012B Refunding	2014	2015 Refunding	2016 Refunding	2017 Refunding	Total debt service
<b>REVENUES:</b>									
Local sources:									
Property taxes	\$ 6,188,208	\$ 377,797	\$ 1,559,683	\$ 2,635,150	\$ 3,543,422	\$ 1,204,945	\$ 122,548	\$ 196,077	\$ 15,827,830
Investment earnings	23,040	2,841	5,639	9,814	14,292	3,143	474	844	60,087
State sources	247,568	15,116	69,858	105,809	-	-	-	-	438,351
Other	-	-	88,769	-	-	-	-	-	88,769
Total revenues	6,458,816	395,754	1,723,949	2,750,773	3,557,714	1,208,088	123,022	196,921	16,415,037
<b>EXPENDITURES:</b>									
Principal repayment	1,246,750	380,000	-	2,355,000	1,625,000	1,050,000	-	-	6,656,750
Interest	5,003,250	15,200	1,410,822	247,800	1,809,688	152,400	96,584	191,579	8,927,323
Bond issuance costs	-	-	-	-	-	-	-	136,891	136,891
Payment to refund bond escrow agent	-	-	-	-	-	-	-	235,000	235,000
Other	250	750	250	250	250	500	500	-	2,750
Total expenditures	6,250,250	395,950	1,411,072	2,603,050	3,434,938	1,202,900	97,084	563,470	15,958,714
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	208,566	(196)	312,877	147,723	122,776	5,188	25,938	(366,549)	456,323
<b>OTHER FINANCING SOURCES (USES):</b>									
Refunding bonds issued	-	-	-	-	-	-	-	12,835,000	12,835,000
Payment to refund bond escrow agent	-	-	-	-	-	-	-	(14,611,442)	(14,611,442)
Bond premium	-	-	-	-	-	-	-	1,913,333	1,913,333
Transfers in	1,905	-	-	-	-	1,013	-	235,000	237,918
Transfers out	-	(1,779)	(236,085)	(54)	-	-	-	-	(237,918)
Total other financing sources (uses)	1,905	(1,779)	(236,085)	(54)	-	1,013	-	371,891	136,891
<b>NET CHANGE IN FUND BALANCES</b>	210,471	(1,975)	76,792	147,669	122,776	6,201	25,938	5,342	593,214
<b>FUND BALANCES:</b>									
Beginning of year	550,273	59,266	139,644	180,019	298,088	152,051	10,281	-	1,389,622
End of year	\$ 760,744	\$ 57,291	\$ 216,436	\$ 327,688	\$ 420,864	\$ 158,252	\$ 36,219	\$ 5,342	\$ 1,982,836

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total nonmajor capital projects</u>
<b>ASSETS</b>			
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,567,432	\$ 1,256,008	\$ 2,823,440
Investments	-	512,206	512,206
Accounts receivable	-	3,066	3,066
Property taxes receivable	1,839	-	1,839
	<u>1,839</u>	<u>-</u>	<u>1,839</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,569,271</u></u>	<u><u>\$ 1,771,280</u></u>	<u><u>\$ 3,340,551</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 260,000	\$ 669,396	\$ 929,396
Intergovernmental payable	106	-	106
Due to other funds	-	155,420	155,420
Unearned revenue	-	1,371	1,371
	<u>260,106</u>	<u>826,187</u>	<u>1,086,293</u>
<b>TOTAL LIABILITIES</b>	<u>260,106</u>	<u>826,187</u>	<u>1,086,293</u>
<b>FUND BALANCES:</b>			
Restricted	1,309,165	-	1,309,165
Capital projects	-	945,093	945,093
	<u>1,309,165</u>	<u>945,093</u>	<u>2,254,258</u>
<b>TOTAL FUND BALANCES</b>	<u>1,309,165</u>	<u>945,093</u>	<u>2,254,258</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,569,271</u></u>	<u><u>\$ 1,771,280</u></u>	<u><u>\$ 3,340,551</u></u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total nonmajor capital projects</u>
<b>REVENUES:</b>			
Property taxes	\$ 604,000	\$ -	\$ 604,000
Investment earnings	10,337	13,088	23,425
State sources	21,545	-	21,545
Other	-	475,269	475,269
	<u>635,882</u>	<u>488,357</u>	<u>1,124,239</u>
Total revenues			
	<u>635,882</u>	<u>488,357</u>	<u>1,124,239</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>1,174,431</u>	<u>1,601,369</u>	<u>2,775,800</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(538,549)	(1,113,012)	(1,651,561)
<b>FUND BALANCES:</b>			
Beginning of year	<u>1,847,714</u>	<u>2,058,105</u>	<u>3,905,819</u>
End of year	<u>\$ 1,309,165</u>	<u>\$ 945,093</u>	<u>\$ 2,254,258</u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**SINKING FUND**  
**YEAR ENDED JUNE 30, 2018**

	<u>Original / final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>REVENUES:</b>			
Local sources	\$ 615,000	\$ 635,882	\$ 20,882
<b>EXPENDITURES:</b>			
Current:			
Capital outlay	1,900,000	1,174,431	725,569
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,285,000)</u>	<u>(538,549)</u>	<u>746,451</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,285,000)</u>	<u>(538,549)</u>	<u>\$ 746,451</u>
<b>FUND BALANCE:</b>			
Beginning of year		1,847,714	
End of year		<u>\$ 1,309,165</u>	

**WEST OTTAWA PUBLIC SCHOOLS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**YEAR ENDED JUNE 30, 2018**

	<b>Balance</b> <b>July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2018</b>
<b>ASSETS:</b>				
Cash	\$ 882,978	\$ 2,974,605	\$ 2,781,973	\$ 1,075,610
Investments	426,473	409,799	403,949	432,323
Accounts receivable	-	69,443	52,563	16,880
Due from other funds	856	54,915	55,771	-
<b>TOTAL ASSETS</b>	<b>\$ 1,310,307</b>	<b>\$ 3,508,762</b>	<b>\$ 3,294,256</b>	<b>\$ 1,524,813</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 1,164,352	\$ 1,160,963	\$ 3,389
Due to other funds	557	55,010	25,349	30,218
Accrued payroll and related items	5,006	1,830	5,006	1,830
Accrued retirement	1,180	430	1,180	430
Due to student and other groups	1,303,564	2,784,244	2,598,862	1,488,946
<b>TOTAL LIABILITIES</b>	<b>\$ 1,310,307</b>	<b>\$ 4,005,866</b>	<b>\$ 3,791,360</b>	<b>\$ 1,524,813</b>

**WEST OTTAWA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2018**

1992 Refunding Bonds

<u>June 30,</u>	<u>Interest rate</u>	Principal due <u>May 1,</u>	<u>Interest due</u>		<u>Total due annually</u>
			<u>May 1</u>	<u>November 1</u>	
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>\$ 2,555,373</u>	<u>\$ 11,534,625</u>	<u>\$ -</u>	<u>\$ 14,089,998</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, 2018**

2012 Series A Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019		\$ -	\$ 548,331	\$ 548,331	\$ 1,096,662
2020		-	548,331	548,331	1,096,662
2021	5.000%	2,050,000	548,331	548,331	3,146,662
2022	5.000%	2,015,000	497,081	497,081	3,009,162
2023	5.000%	2,595,000	446,706	446,706	3,488,412
2024	5.000%	2,615,000	381,831	381,831	3,378,662
2025	5.000%	2,640,000	316,456	316,456	3,272,912
2026	5.000%	2,665,000	250,456	250,456	3,165,912
2027	3.500%	1,470,000	183,831	183,831	1,837,662
2028	3.625%	1,480,000	158,106	158,106	1,796,212
2029	3.750%	1,495,000	131,281	131,281	1,757,562
2030	3.750%	1,500,000	103,250	103,250	1,706,500
2031	5.000%	1,500,000	75,125	75,125	1,650,250
2032	5.000%	1,505,000	37,625	37,625	1,580,250
Total 2012 Series A bonded debt		<u>\$ 23,530,000</u>	<u>\$ 4,226,741</u>	<u>\$ 4,226,741</u>	<u>\$ 31,983,482</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. During 2018, a portion of the bonds were refunded with the 2017 Refunding.

**WEST OTTAWA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2018**

2012 Series B Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 3,760,000</u>	<u>\$ 102,600</u>	<u>\$ 102,600</u>	<u>\$ 3,965,200</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, 2018**

2014 Building and Site Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$37,625,000</u>	<u>\$ 9,153,812</u>	<u>\$ 9,153,815</u>	<u>\$ 55,932,627</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, 2018**

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>	
2019		\$ -	\$ 55,200	\$ 55,200	\$ 110,400
2020	3.00%	1,000,000	55,200	55,200	1,110,400
2021	3.00%	2,000,000	40,200	40,200	2,080,400
2022	3.00%	680,000	10,200	10,200	700,400
Total 2015 bonded debt		<u>\$ 3,680,000</u>	<u>\$ 160,800</u>	<u>\$ 160,800</u>	<u>\$ 4,001,600</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, 2018**

2016 Refunding Bonds

<u>June 30,</u>	<u>Interest rate</u>	<u>Principal due November 1,</u>	<u>Interest due</u>		<u>Total due annually</u>
			<u>May 1</u>	<u>November 1</u>	
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>\$ 208,548</u>	<u>\$ 256,840</u>	<u>\$ 6,180,388</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**  
**BONDED DEBT**  
**JUNE 30, 2018**

2017 Refunding Bonds

June 30,	Interest rate	Principal due November 1,	Interest due		Total due annually
			May 1	November 1	
2019		\$ -	\$ 278,100	\$ 278,100	\$ 556,200
2020		-	278,100	278,100	556,200
2021		-	278,100	278,100	556,200
2022	4.00%	1,265,000	252,800	278,100	1,795,900
2023	4.00%	1,620,000	220,400	252,800	2,093,200
2024	4.00%	1,620,000	188,000	220,400	2,028,400
2025	4.00%	1,615,000	155,700	188,000	1,958,700
2026	4.00%	1,610,000	123,500	155,700	1,889,200
2027	4.00%	825,000	107,000	123,500	1,055,500
2028	5.00%	835,000	86,125	107,000	1,028,125
2029	5.00%	845,000	65,000	86,125	996,125
2030	5.00%	865,000	43,375	65,000	973,375
2031	5.00%	870,000	21,625	43,375	935,000
2032	5.00%	865,000	-	21,625	886,625
Total 2017 bonded debt		<u>\$ 12,835,000</u>	<u>\$ 2,097,825</u>	<u>\$ 2,375,925</u>	<u>\$ 17,308,750</u>

The above bonds dated December 27, 2017 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$12,835,000.

**WEST OTTAWA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2018**

2018 Building and Site Bonds

June 30,	Interest rate	Principal due November 1,	Interest due		Total due annually
			May 1	November 1	
2019	4.00%	\$ 2,270,000	\$ 267,750	\$ 274,876	\$ 2,812,626
2020	4.00%	3,075,000	206,250	267,750	3,549,000
2021	4.00%	1,000,000	186,250	206,250	1,392,500
2022	5.00%	300,000	178,750	186,250	665,000
2023	5.00%	300,000	171,250	178,750	650,000
2024	5.00%	325,000	163,125	171,250	659,375
2025	5.00%	325,000	155,000	163,125	643,125
2026	5.00%	350,000	146,250	155,000	651,250
2027	5.00%	375,000	136,875	146,250	658,125
2028	5.00%	400,000	126,875	136,875	663,750
2029	5.00%	425,000	116,250	126,875	668,125
2030	5.00%	450,000	105,000	116,250	671,250
2031	5.00%	450,000	93,750	105,000	648,750
2032	5.00%	475,000	81,875	93,750	650,625
2033	5.00%	500,000	69,375	81,875	651,250
2034	5.00%	525,000	56,250	69,375	650,625
2035	5.00%	550,000	42,500	56,250	648,750
2036	5.00%	550,000	28,750	42,500	621,250
2037	5.00%	575,000	14,375	28,750	618,125
2038	5.00%	575,000	-	14,375	589,375
Total 2018 bonded debt		<u>\$ 13,795,000</u>	<u>\$ 2,346,500</u>	<u>\$ 2,621,376</u>	<u>\$ 18,762,876</u>

The above bonds dated May 23, 2018 were issued for the purpose of school building and site. The amount of the original bond issue was \$13,795,000.

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**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
STATISTICAL SECTION OVERVIEW  
2017 - 2018**

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**  
**2009 - 2018**

<i>Year ended June 30,</i>	Fiscal Year			
	2009	2010	2011	2012
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 433,894	\$ 3,327,156	\$ 5,870,709	\$ 10,876,764
Restricted	710,554	740,805	913,636	1,492,434
Unrestricted	14,333,024	15,175,862	16,038,850	12,030,077
<b>Total Primary Government Net Position</b>	<b>\$ 15,477,472</b>	<b>\$ 19,243,823</b>	<b>\$ 22,823,195</b>	<b>\$ 24,399,275</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.

<sup>2</sup> Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB Statements 75.

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Net Position by Component**  
**2009 - 2018**

Fiscal Year					
2013	2014	2015 <sup>1</sup>	2016	2017	2018 <sup>2</sup>
\$ 14,641,571	\$ 21,202,608	\$ 28,235,005	\$ 34,551,245	\$ 42,699,323	\$ 50,772,203
2,241,731	2,250,471	1,111,022	1,252,900	462,650	1,660,242
12,206,291	13,312,827	(86,077,638)	(86,417,225)	(84,840,964)	(126,463,911)
\$ 29,089,593	\$ 36,765,906	\$ (56,731,611)	\$ (50,613,080)	\$ (41,678,991)	\$ (74,031,466)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Expenses, Program Revenues and Net Expense**  
**2009 - 2018**

<i>Year ended June 30,</i>	Fiscal Year			
	2009	2010	2011	2012 <sup>1</sup>
<b>Expenses</b>				
Governmental Activities				
Instruction	\$ 44,932,232	\$ 44,981,418	\$ 45,282,922	\$ 45,638,324
Support services	21,703,756	21,859,267	22,800,189	21,896,188
Community services	29,242	42,488	33,623	877,845
Food services	2,726,874	2,898,720	3,026,866	3,309,239
Athletics	1,246,419	1,215,651	979,095	-
Child care	466,707	415,474	442,618	-
Outgoing transfers and other	-	-	-	6,738
Interest on long-term debt	7,054,106	6,893,207	6,716,136	6,333,589
Unallocated depreciation	4,477,541	4,457,035	4,420,723	4,040,523
Loss on disposition of assets	35,792	-	776	-
<b>Total Expenses</b>	<b>82,672,669</b>	<b>82,763,260</b>	<b>83,702,948</b>	<b>82,102,446</b>
<b>Program Revenues</b>				
Governmental Activities				
Charges for services:				
Instruction	-	-	-	-
Support services	761,817	832,792	1,324,113	511,520
Community services	-	-	-	472,395
Food services	1,260,965	1,147,589	1,113,724	1,136,823
Athletics	106,359	102,057	-	-
Child care services	442,652	381,007	442,617	-
Operating grants and contributions	18,340,534	19,843,075	20,084,722	10,457,728
<b>Total Program Revenues</b>	<b>20,912,327</b>	<b>22,306,520</b>	<b>22,965,176</b>	<b>12,578,466</b>
<b>Net Expense</b>	<b>\$ (61,760,342)</b>	<b>\$ (60,456,740)</b>	<b>\$ (60,737,772)</b>	<b>\$ (69,523,980)</b>

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

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Expenses, Program Revenues and Net Expense**  
**2009 - 2018**

Fiscal Year					
2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>	2018 <sup>1</sup>
\$ 45,071,399	\$ 45,505,240	\$ 46,521,013	\$ 48,231,758	\$ 49,124,124	\$ 51,831,632
20,657,796	20,114,506	19,682,129	20,069,557	19,777,059	21,253,780
332,842	318,932	316,322	300,021	271,776	288,892
3,302,496	3,308,115	3,534,078	3,489,817	3,864,801	3,745,830
-	-	-	-	-	-
-	-	-	-	-	-
3,042	1,639	4,150	3,225	-	-
6,048,141	5,710,959	6,306,720	5,396,764	5,225,389	4,713,177
4,140,117	3,633,795	3,980,048	3,918,569	4,457,804	4,037,812
-	-	-	-	-	-
79,555,833	78,593,186	80,344,460	81,409,711	82,720,953	85,871,123
-	-	82,374	34,882	109,019	103,051
419,388	204,213	59,039	119,605	130,975	134,694
29,947	-	-	-	-	-
1,045,313	1,085,180	1,046,469	1,030,297	1,170,296	1,120,049
-	-	-	-	-	-
-	-	-	-	-	-
11,879,532	13,142,471	13,853,104	13,200,958	17,038,196	18,719,153
13,374,180	14,431,864	15,040,986	14,385,742	18,448,486	20,076,947
\$ (66,181,653)	\$ (64,161,322)	\$ (65,303,474)	\$ (67,023,969)	\$ (64,272,467)	\$ (65,794,176)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**General Revenues and Total Change in Net Position**  
**2009 - 2018**

<i>Year ended June 30,</i>	Fiscal Year			
	2009	2010	2011	2012
<b>Net Expense</b>	\$ (61,760,342)	\$ (60,456,740)	\$ (60,737,772)	\$ (69,523,980)
<b>General Revenues</b>				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	12,330,124	12,601,987	11,402,935	10,677,549
Property taxes levied for debt service	12,581,136	12,519,883	12,437,028	12,848,930
Property taxes levied for repair & improvement	603,415	603,734	568,587	550,079
State sources	39,216,056	38,434,701	39,871,772	40,119,866
Intermediate sources	-	-	-	6,484,970
Unrestricted federal sources	-	-	-	128,606
Interest and investment earnings	270,332	62,786	36,822	23,231
Miscellaneous	-	-	-	266,829
<b>Total General Revenues</b>	<b>65,001,063</b>	<b>64,223,091</b>	<b>64,317,144</b>	<b>71,100,060</b>
<b>Change in Net Position</b>	<b>3,240,721</b>	<b>3,766,351</b>	<b>3,579,372</b>	<b>1,576,080</b>
Prior period adjustment or restatement	-	-	-	-
<b>Net Position- Beginning of Year</b>	<b>12,236,751</b>	<b>15,477,472</b>	<b>19,243,823</b>	<b>22,823,195</b>
<b>Net Position- End of Year</b>	<b>\$ 15,477,472</b>	<b>\$ 19,243,823</b>	<b>\$ 22,823,195</b>	<b>\$ 24,399,275</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.

<sup>3</sup> Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB Statement 75.

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**General Revenues and Total Change in Net Position**  
**2009 - 2018**

Fiscal Year					
2013 <sup>1</sup>	2014	2015 <sup>2</sup>	2016	2017	2018 <sup>3</sup>
\$ (66,181,653)	\$ (64,161,322)	\$ (65,303,474)	\$ (67,023,969)	\$ (64,272,467)	\$ (65,794,176)
10,564,165	10,534,974	10,841,989	11,228,825	11,519,032	11,782,053
14,239,656	14,532,941	14,976,832	15,519,729	15,292,320	15,827,830
549,866	561,406	578,595	598,985	587,702	604,000
40,510,276	40,102,845	40,899,930	39,589,543	39,447,322	321,171
5,501,414	5,621,831	5,195,761	5,084,906	5,548,347	39,676,076
-	-	-	-	-	-
42,596	43,930	542,258	354,031	268,130	5,424,135
229,134	439,708	350,297	766,481	543,703	546,823
71,637,107	71,837,635	73,385,662	73,142,500	73,206,556	74,182,088
5,455,454	7,676,313	8,082,188	6,118,531	8,934,089	8,387,912
(765,136)	-	(101,579,705)	-	-	(40,740,387)
24,399,275	29,089,593	36,765,906	(56,731,611)	(50,613,080)	(41,678,991)
\$ 29,089,593	\$ 36,765,906	\$ (56,731,611)	\$ (50,613,080)	\$ (41,678,991)	\$ (74,031,466)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Fund Balances - Governmental Funds**  
**2009 - 2018**

<i>Year ended June 30,</i>	Fiscal Year			
	2009	2010	2011 <sup>1</sup>	2012 <sup>1</sup>
<b>General Fund</b>				
Reserved	\$ 84,485	\$ 82,558	\$ -	\$ -
Unreserved	12,438,380	13,058,062	-	-
Nonspendable	-	-	151,220	60,958
Assigned	-	-	-	3,389,000
Unassigned	-	-	14,090,448	8,178,206
<b>Total General Fund</b>	<b>12,522,865</b>	<b>13,140,620</b>	<b>14,241,668</b>	<b>11,628,164</b>
<b>All Other Governmental Funds</b>				
Reserved	33,025	34,169	-	-
Unreserved, reported in:				
Debt service fund	1,509,801	1,492,132	-	-
Capital projects fund	824,572	933,285	-	-
Special revenue fund	1,056,793	1,151,041	-	-
Nonspendable	-	-	41,442	48,052
Restricted for capital projects	-	-	564,768	217,452
Restricted for debt service	-	-	1,067,642	898,062
Restricted for food service	-	-	1,159,201	1,057,791
Restricted for child care	-	-	71,039	8,397
Assigned	-	-	308,660	478,298
<b>Total All Other Governmental Funds</b>	<b>3,424,191</b>	<b>3,610,627</b>	<b>3,212,752</b>	<b>2,708,052</b>
<b>Total Fund Balances</b>	<b>\$ 15,947,056</b>	<b>\$ 16,751,247</b>	<b>\$ 17,454,420</b>	<b>\$ 14,336,216</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**  
**2009 - 2018**

Fiscal Year					
2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>	2018 <sup>1</sup>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
40,886	206,354	39,794	45,425	115,131	125,504
1,606,000	296,000	1,410,000	1,290,000	-	-
9,715,816	11,745,876	11,823,540	11,916,028	14,830,562	15,906,096
11,362,702	12,248,230	13,273,334	13,251,453	14,945,693	16,031,600
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18,284	40,464	33,545	24,651	41,590	17,083
395,948	46,594,256	45,171,998	36,226,730	17,163,082	24,232,785
1,478,770	2,017,266	1,092,934	1,618,110	1,389,622	1,982,836
897,154	1,101,611	991,434	1,019,572	819,499	973,571
-	-	-	-	-	-
1,000,636	1,196,468	1,542,944	2,608,419	3,478,105	945,093
3,790,792	50,950,065	48,832,855	41,497,482	22,891,898	28,151,368
\$ 15,153,494	\$ 63,198,295	\$ 62,106,189	\$ 54,748,935	\$ 37,837,591	\$ 44,182,968

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Revenues**  
**2009 - 2018**

<i>Year ended June 30,</i>	Fiscal Year			
	2009	2010	2011 <sup>1</sup>	2012 <sup>1</sup>
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal grants	\$ 5,914,391	\$ 6,609,890	\$ 6,814,102	\$ 3,517,192
Food service fund	1,708,843	2,021,008	2,148,222	2,192,108
Total federal sources	7,623,234	8,630,898	8,962,324	5,709,300
<b>State Sources</b>				
Restricted	4,840,345	4,748,114	4,528,252	5,032,571
Unrestricted	39,216,056	38,434,701	39,871,772	40,119,866
Total state sources	44,056,401	43,182,815	44,400,024	45,152,437
<b>Other Governmental Units</b>				
Ottawa Area ISD and other districts	6,179,152	6,800,858	7,046,040	6,512,865
Miscellaneous	-	-	-	-
Total other governmental units	6,179,152	6,800,858	7,046,040	6,512,865
<b>Local Sources</b>				
Property taxes	25,548,575	25,729,239	24,419,628	24,086,820
Food service fund	1,257,126	1,144,447	1,105,562	1,582,488
Athletic fund	106,359	102,057	-	-
Child care fund	442,072	381,007	442,617	-
Interest and other income	270,332	62,786	36,823	18,231
Miscellaneous	532,674	497,689	644,572	782,184
Total local sources	28,157,138	27,917,225	26,649,202	26,469,723
<b>Total Revenues</b>	<b>\$ 86,015,925</b>	<b>\$ 86,531,796</b>	<b>\$ 87,057,590</b>	<b>\$ 83,844,325</b>

<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**  
**2009 - 2018**

Fiscal Year					
2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>	2018 <sup>1</sup>
\$ 3,053,173	\$ 2,950,098	\$ 2,728,324	\$ 3,009,257	\$ 2,848,826	\$ 2,700,591
2,425,094	2,476,803	2,646,955	2,776,066	2,787,516	2,702,355
5,478,267	5,426,901	5,375,279	5,785,323	5,636,342	5,402,946
6,482,987	7,715,570	8,477,825	10,487,460	11,849,137	13,172,346
40,510,276	40,102,845	40,899,930	39,589,543	39,447,322	39,676,076
46,993,263	47,818,415	49,377,755	50,077,003	51,296,459	52,848,422
5,501,414	5,624,904	5,195,761	5,302,526	5,633,943	5,424,135
-	-	-	7,352	29,425	25,190
5,501,414	5,624,904	5,195,761	5,309,878	5,663,368	5,449,325
25,353,687	25,629,321	26,393,704	27,347,539	27,399,054	28,213,883
1,071,682	1,049,624	1,027,290	1,022,345	1,140,209	1,080,728
-	-	-	-	-	-
-	-	-	-	-	-
42,596	40,576	484,416	354,031	268,130	321,171
569,343	649,554	622,934	935,948	710,348	884,227
27,037,308	27,369,075	28,528,344	29,659,863	29,517,741	30,500,009
\$ 85,010,252	\$ 86,239,295	\$ 88,477,139	\$ 90,832,067	\$ 92,113,910	\$ 94,200,702

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Expenditures and Debt Service Ratio**  
**2009 - 2018**

<i>Year ended June 30,</i>	Fiscal Year			
	2009	2010	2011 <sup>1</sup>	2012 <sup>1</sup>
<b>Expenditures</b>				
Instruction	\$ 44,970,221	\$ 45,306,668	\$ 45,282,922	\$ 45,663,725
Pupil support services	3,111,378	3,359,839	3,422,480	3,173,393
Instructional support services	2,279,272	2,620,594	3,102,790	2,155,466
General administration	474,215	468,738	504,355	483,323
School administration	3,844,542	3,754,474	3,941,152	4,036,416
Business services	831,038	820,230	747,092	733,471
Operations and maintenance	6,544,532	6,223,615	6,352,968	5,911,210
Pupil transportation services	2,746,996	2,798,074	3,036,915	4,051,102
Central support services	1,570,637	1,239,456	1,423,447	1,420,056
Other support services	-	-	979,095	1,145,113
Community services	29,242	42,488	33,623	342,769
Food service	2,726,874	2,898,720	3,026,866	3,309,241
Athletics	1,246,419	1,215,651	-	-
Special education	-	-	-	-
Child care	466,707	415,474	442,618	535,076
Repair and improvement	744	-	-	-
Capital outlay	1,254,580	2,286,610	872,234	977,788
Debt service				
Principal	7,540,000	7,750,000	6,150,473	6,155,907
Interest and other	5,138,150	4,798,062	6,730,228	6,868,473
<b>Total Expenditures</b>	<b>\$ 84,775,547</b>	<b>\$ 85,998,693</b>	<b>\$ 86,049,258</b>	<b>\$ 86,962,529</b>
<b>Debt Service as a Percentage of</b>				
<b>Noncapital Expenditures</b>	15.2%	15.0%	15.1%	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**  
**2009 - 2018**

Fiscal Year					
2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>	2018 <sup>1</sup>
\$ 45,041,645	\$ 45,585,350	\$ 46,734,889	\$ 48,351,220	\$ 48,737,298	\$ 49,227,253
3,522,959	3,364,906	3,608,641	3,610,729	3,714,878	3,869,853
1,738,073	2,014,383	2,473,457	2,681,827	2,425,123	2,509,976
420,083	449,041	449,215	517,412	538,696	599,846
3,732,852	3,467,188	3,383,404	3,292,150	3,279,984	3,419,486
596,879	579,158	551,582	619,535	579,649	613,449
5,434,338	5,500,296	5,174,966	5,451,672	5,245,591	5,791,705
3,239,750	2,483,522	2,478,460	2,388,738	2,409,560	2,499,977
1,514,610	1,339,048	1,094,908	912,834	909,015	1,179,456
1,134,074	1,254,638	1,160,287	1,314,558	1,121,906	1,234,993
294,478	318,932	316,322	300,021	271,776	288,892
3,357,104	3,314,534	3,551,991	3,500,560	3,855,129	3,742,606
-	-	-	-	-	-
-	-	-	-	-	-
38,364	-	-	-	-	-
-	-	-	-	-	-
402,899	844,711	2,572,792	9,519,456	18,648,593	11,997,640
7,486,519	7,576,096	6,807,728	6,478,522	6,607,650	6,656,750
7,245,549	6,629,509	8,169,220	8,732,097	9,393,359	9,431,288
\$ 85,200,176	\$ 84,721,312	\$ 88,527,862	\$ 97,671,331	\$ 107,738,207	\$ 103,063,170
17.4%	16.9%	17.4%	17.3%	18.2%	17.2%

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Other Financing Sources (Uses) and Net Change**  
**in Fund Balances, Governmental Funds**  
**2009 - 2018**

<i>Year ended June 30,</i>	Fiscal Year			
	2009	2010	2011	2012
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ 1,240,378	\$ 533,103	\$ 1,008,332	\$ (3,118,204)
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Cost of bond issuance	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to escrow agent	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Borrowings on capital lease obligation	-	579,052	-	-
Bus lease payments	-	(307,964)	(305,159)	-
Transfers in	1,471,163	1,358,636	219,223	580,204
Transfers out	(1,471,163)	(1,358,636)	(219,223)	(580,204)
Other	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	271,088	(305,159)	-
<b>Net Change in Fund Balances</b>	\$ 1,240,378	\$ 804,191	\$ 703,173	\$ (3,118,204)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Other Financing Sources (Uses) and Net Change**  
**in Fund Balances, Governmental Funds**  
**2009 - 2018**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (189,924)	\$ 1,517,983	\$ (50,723)	\$ (6,839,264)	\$ (16,906,140)	\$ (8,862,468)
62,895,000	42,500,000	-	-	-	13,795,000
-	-	6,580,000	-	5,715,000	12,835,000
-	-	-	-	-	-
4,907,100	4,025,736	469,680	-	-	3,180,184
(66,751,890)	-	(8,001,140)	-	(5,673,744)	(14,611,442)
-	30,204	7,049	-	-	9,103
-	-	-	-	-	-
-	-	-	-	-	-
968,954	235,258	1,704,831	216,282	1,788,900	407,918
(968,954)	(235,258)	(1,704,831)	(216,282)	(1,788,900)	(407,918)
(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)	15,207,845
\$ 817,278	\$ 48,044,801	\$ (1,092,106)	\$ (7,357,254)	\$ (18,193,187)	\$ 6,345,377

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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 2008-2009 through 2017-2018**  
**(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>
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
2017	2017-18	4,983,998,200	2,491,999,100

\*NOTE:

(1) Beginning in tax year 2008 Industrial Personal Property and Commercial Personal Property were recorded separately. The amounts are included in the Non-Homestead values.

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Taxable Value and Actual Value of Taxable Property**  
**Fiscal Years 2008-2009 through 2017-2018**  
**(rate per \$1,000 of assessed value)**

Taxable Value			District Tax Rates			
Non-Homestead Property	Homestead Property	Total	Operating	Debt	Other	Total
\$ 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
724,091,342	1,284,131,644	2,008,222,986	18.0000	7.7500	0.2975	26.0475

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Direct and Overlapping Property Tax Rates**  
**Fiscal Years 2008-2009 through 2017-2018**  
**(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>
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
2017	2017-18	18.0000	7.7500	0.2957	26.0457

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 2008-2009 through 2017-2018**  
**(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	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
1.4488	4.8600	3.0252	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,*

**2017**

<b>Taxpayer</b>			<b>Percentage</b>		<b>Equivalent</b>	
			<b>of Total</b>	<b>Taxable</b>	<b>Industrial</b>	<b>IFT and</b>
	<b>Ad Valorem</b>	<b>Rank</b>	<b>Value</b>	<b>Value</b>	<b>Facilities Tax (IFT)</b>	<b>Taxable Value</b>
	<b>Taxable Value</b>					
Request Foods	\$ 16,875,135	1	0.84%	\$ 1,448,800	\$ 18,323,935	
Perrigo Michigan Holland	7,288,770	2	0.36%	5,402,857	12,691,627	
Consumers Energy Co.	11,124,106	3	0.55%	-	11,124,106	
Grandquest Realty LLC	9,214,079	4	0.46%	-	9,214,079	
CW Clearview LLC	7,123,634	5	0.35%	-	7,123,634	
Hoover Univeral, Inc./PHC LLC	415,800	6	0.02%	6,280,688	6,696,488	
SEMCO Energy Inc.	6,206,000	7	0.31%	-	6,206,000	
Gentex Corporation	2,703,743	8	0.13%	3,334,348	6,038,091	
Occidental Development LTD	5,466,865	9	0.27%	-	5,466,865	
Westshore Mall Investors LLC	4,792,834	10	0.24%	-	4,792,834	
Pfizer	-		-	-	-	-
J B Labs	-		-	-	-	-
Greenen Dekock Prop. LLC	-		-	-	-	-
DRG Clearview LLC	-		-	-	-	-
Magna-Donnelly Corp.	-		-	-	-	-
Lakeshore Campus LLC	-		-	-	-	-
<b>Total principal taxpayers</b>	<b>71,210,966</b>		<b>3.55%</b>	<b>\$ 16,466,693</b>	<b>\$ 87,677,659</b>	
<b>Balance of valuations</b>	<b>1,937,012,020</b>		<b>96.45%</b>			
<b>Total Ad Valorem Valuation</b>	<b>\$ 2,008,222,986</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**

2008					
Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value	
\$ 5,909,000	1	0.30%	\$ 10,924,300	\$	16,833,300
-		0%	-		-
7,877,183	8	0.40%	-		7,877,183
-		-	-		-
-		-	-		-
-	3	0.00%	13,966,800		13,966,800
-		-	-		-
-		-	-		-
7,016,400	9	0.36%	-		7,016,400
-		-	-		-
14,620,762	2	0.75%	931,100		15,551,862
8,049,600	4	0.41%	2,870,400		10,920,000
10,308,689	5	0.53%	-		10,308,689
8,771,172	6	0.45%	-		8,771,172
5,760,200	7	0.30%	2,603,600		8,363,800
6,439,938	10	0.33%	-		6,439,938
74,752,944		3.83%	\$ 31,296,200	\$	106,049,144
1,876,787,854		96.17%			
\$ 1,951,540,798		100.00%			

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Property Tax Levies and Collections**  
**Fiscal Years 2008-2009 through 2017-2018**

<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>
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%
2017	2017-18	11,757,154	11,615,898	98.80%	135,089	11,750,987	99.95%

\*NOTE: District Annual Disclosure



**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue & Debt Capacity**  
**Outstanding Debt by Type**  
**Fiscal Years 2008-2009 through 2017-2018**

<i>Tax Year</i>	<i>Fiscal Year</i>	General Obligation Bonds	Total Taxable Value	Outstanding Debt as a % of Taxable Value	Estimated Population <sup>1</sup>	Net Outstanding Debt Per Capita	Taxable Value Per Capita
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	97,247,123	1,933,033,745	5.03%	51,293	1,896	37,686
2017	2017-18	90,590,373	2,008,222,986	4.51%	52,470	1,727	38,273

<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 2008-2009 through 2017-2018**

<i>Tax Year</i>	<i>Fiscal Year</i>	<b>General Obligation Bonds</b>	<b>Less Pledged Debt Retirement Fund Balance</b>	<b>Net General Bonded Debt</b>	<b>State Equalized Value (SEV)</b>	<b>Percent of Net Bonded Debt to State Equalized Value (SEV)</b>	<b>Percent of Bonded Debt to Estimated Actual Value of Taxable Property</b>	<b>Estimated Population <sup>1</sup></b>	<b>Net General Bonded Debt per Capita</b>
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	97,247,123	-	97,247,123	2,320,710,900	4.19%	8.38%	51,821	1,877
2017	2017-18	90,590,373	-	90,590,373	2,491,999,100	3.64%	7.27%	52,470	1,727

<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, 2018**

*Year ended June 30, 2018*

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Holland Township	\$ 23,642,851	69.86%	\$ 16,516,895
Olive Township	389,379	44.80%	174,442
Park Township	3,447,813	88.05%	3,035,799
Port Sheldon Township	373,620	33.98%	126,956
Ottawa County	40,941,968	18.49%	7,570,170
Ottawa County ISD	1,840,000	16.27%	299,368
Subtotal, overlapping debt			<u>27,723,630</u>
<b>District Direct Debt</b>			<u>90,590,373</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 118,314,003</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 2008-2009 through 2017-2018**

**Legal Debt Margin Calculation for Fiscal Year 2017-18:**

State Equalized Valuation (SEV), July 1, 2017	\$ 2,491,999,100
Statutory Debt Limit (15% of SEV)	373,799,865
Debt applicable to limit	<b>90,590,373</b>

<b>Legal Debt Margin</b>	<b>\$ 283,209,492</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>
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	97,247,123	250,859,512	27.94%
2017	2017-18	2,491,999,100	373,799,865	90,590,373	283,209,492	24.23%

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Demographic and Economic Information**  
**Demographic and Economic Statistics**  
**Fiscal Years 2008-2009 through 2017-2018**

<i>Tax Year</i>	<i>Fiscal Year</i>	<b>Estimated Population</b>	<b>Unemployment <sup>1</sup></b>			<b>Inflation Rate <sup>2</sup></b>	<b>Personal Income <sup>3</sup></b>	
			<b>City of Holland and Grand Haven</b>	<b>County of Ottawa</b>	<b>State of Michigan</b>		<b>Total (in thousands)</b>	<b>Per Capita</b>
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	51,293	N/A	3.1%	3.8%	1.3%	12,428,750	44,035
2017	2017-18	52,470	N/A	3.1%	4.5%	2.3%	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>2017</b>			<b>2008</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>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
Gentex Corporation	Automotive Mirrors	5,394	1	3.5%	2,298	3	1.8%			
Herman Miller	Office Furniture	3,778	2	2.5%	4,206	1	3.3%			
Grand Valley State University (3)	Higher Education	3,523	3	2.3%	2,893	2	2.3%			
Holland Hospital	Health Care	2,382	4	1.6%	1,806	4	1.4%			
Haworth (2)	Metal Roll Forming	2,220	5	1.5%	1,812	5	1.4%			
Shape Corporation	Office Furniture	2,072	6	1.4%	1,274	7	1.0%			
Magna Mirrors (2)	Automotive Mirrors	1,741	7	1.1%	1,227	9	1.0%			
YanFeng	Automotive Interior Parts	1,636	8	1.1%						
Meijer	Retailer	1,412	9	0.9%	1,303	6	1.0%			
Grand Haven Public Schools	Education	1,219	10	0.8%						
Johnson Controls (2)	Automotive Interior Parts	-		0.0%	1,259	8	1.0%			
County of Ottawa	Government	-		0.0%	1,189	10	0.9%			
		<u>25,377</u>		<u>16.7%</u>	<u>19,267</u>		<u>15.1%</u>			

<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 2008-2009 through 2017-2018**

<b>Full-Time - Equivalent Employees as of June 30,</b>										
<b>Employee Category</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>	<b>2018</b>
Administrators	25	25	28	28	29	29	27	29	27	31
Teachers	465	451	439	439	442	424	425	425	425	424
Clerical/Secretarial	48	32	39	44	42	40	35	35	35	26
Food Service	67	75	67	58	50	59	61	59	61	58
Educational Assistants/Clerks	116	128	116	71	58	69	68	73	68	73
Paraprofessionals	15	14	13	-	-	-	-	-	-	-
Maintenance/Grounds/Custodians	61	61	52	34	29	22	22	20	22	17
Bus Drivers/Mechanics	73	76	68	61	63	68	66	63	66	60
Data/Technology Services	9	8	6	5	5	5	4	4	4	3
Child Care	18	19	16	-	-	-	-	-	-	-
Security/Other	-	-	-	9	9	9	8	6	8	5
<b>Total</b>	<b>897</b>	<b>889</b>	<b>844</b>	<b>749</b>	<b>727</b>	<b>725</b>	<b>716</b>	<b>714</b>	<b>716</b>	<b>697</b>

\*NOTE: District Annual Disclosure



## **OPERATIONAL INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Operational Information**  
**Operating Statistics**  
**Fiscal Years 2008-2009 through 2017-2018**

<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>
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	-3.90%	69,233,476	-0.30%	10,110	1.39%	52.86%
2017-18	6,810	-0.55%	71,234,886	2.89%	10,460	3.46%	56.67%

<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, 2018**

*Year ended June 30, 2018*

<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*	1956,1988,1991,2017	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, 2018**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2017	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2018
<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		\$ 208,689	\$ -	\$ -	\$ 208,689	\$ 208,689	\$ -
Non-Cash Assistance Subtotal			208,689	-	-	208,689	208,689	-
Cash Assistance:								
National School Lunch Program - Free & Reduced	10.555	181960	1,522,043	-	-	1,522,043	1,520,409	1,634
National School Lunch Program - Free & Reduced	10.555	171960	1,768,058	55,711	1,537,558	174,790	230,501	-
National School Lunch Program - Afterschool Snack	10.555	181980	18,408	-	-	18,408	18,392	16
National School Lunch Program - Afterschool Snack	10.555	171980	3,240	51	2,789	410	461	-
			3,311,749	55,762	1,540,347	1,715,651	1,769,763	1,650
Total CFDA #10.555 National School Lunch Program			3,520,438	55,762	1,540,347	1,924,340	1,978,452	1,650
School Breakfast Program	10.553	181970	588,974	-	-	588,974	588,419	555
School Breakfast Program	10.553	171970	644,158	24,367	566,459	53,332	77,699	-
			1,233,132	24,367	566,459	642,306	666,118	555
Summer Food Service Program for Children	10.559	170900/171900	66,401	-	-	67,183	45,113	22,070
Summer Food Service Program for Children	10.559	170900/171900	74,948	21,287	77,951	-	21,287	-
			141,349	21,287	77,951	67,183	66,400	22,070
Cash Assistance Subtotal			4,686,230	101,416	2,184,757	2,425,140	2,502,281	24,275
Total Child Nutrition Cluster			4,894,919	101,416	2,184,757	2,633,829	2,710,970	24,275
Child and Adult Care Food Program	10.558	182010/181920	61,369	-	-	61,369	61,369	-
Child and Adult Care Food Program	10.558	172010/171920	7,157	-	-	7,157	7,157	-
Total Child and Adult Care Food Program			68,526	-	-	68,526	68,526	-
Total U.S. Department of Agriculture			4,963,445	101,416	2,184,757	2,702,355	2,779,496	24,275

The accompanying notes are an integral part of this schedule.

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2018**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2017	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2018
<u>U.S. Department of Education:</u>								
Passed through Michigan Department of Education:								
Title I Grants to Local Educational Agencies	84.010	181530-1718	\$ 1,081,717	\$ -	\$ -	\$ 843,298	\$ 737,998	\$ 105,300
Title I Grants to Local Educational Agencies	84.010	171530-1617	1,087,894	1	975,432	-	1	-
			2,169,611	1	975,432	843,298	737,999	105,300
Migrant Education State Grant Program (School Year)	84.011	181890-1718	244,429	-	-	162,173	151,123	11,050
Migrant Education State Grant Program (School Year)	84.011	171890-1617	210,910	5,141	158,718	-	5,141	-
Migrant Education State Grant Program (Summer)	84.011A	181830-1718	252,365	-	-	47,979	-	47,979
Migrant Education State Grant Program (Summer)	84.011A	171830-1617	262,090	46,678	46,678	124,481	171,159	-
			969,794	51,819	205,396	334,633	327,423	59,029
Supporting Effective Instruction State Grants	84.367	180520-1718	389,710	-	-	149,072	144,822	4,250
Supporting Effective Instruction State Grants	84.367	170520-1617	270,077	113	145,476	-	113	-
			659,787	113	145,476	149,072	144,935	4,250
English Language Acquisition State Grants	84.365A	180580-1718	141,716	-	-	135,971	128,242	7,729
English Language Acquisition State Grants	84.365A	170580-1617	170,350	7,801	151,307	-	7,624	177
			312,066	7,801	151,307	135,971	135,866	7,906
Student Support and Academic Enrichment Program	84.424	180750-1718	14,365	-	-	12,588	12,588	-
			14,365	-	-	12,588	12,588	-
Total passed through Michigan Department of Education			4,125,623	59,734	1,477,611	1,475,562	1,358,811	176,485

The accompanying notes are an integral part of this schedule.

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2018**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2017	Prior year expenditures (memo only)	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2018
<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	180450-1718	\$ 1,181,243	\$ -	\$ -	\$ 1,181,243	\$ 762,506	\$ 418,737
Special Education Grants to States	84.027A	170450-1617	1,169,407	421,504	1,169,407	-	421,504	-
			<u>2,350,650</u>	<u>421,504</u>	<u>1,169,407</u>	<u>1,181,243</u>	<u>1,184,010</u>	<u>418,737</u>
Special Education Preschool Grants	84.173A	180460-1718	38,079	-	-	38,079	23,945	14,134
Special Education Preschool Grants	84.173A	170460-1617	39,054	14,604	39,054	-	14,604	-
			<u>77,133</u>	<u>14,604</u>	<u>39,054</u>	<u>38,079</u>	<u>38,549</u>	<u>14,134</u>
Total Special Education Cluster			<u>2,427,783</u>	<u>436,108</u>	<u>1,208,461</u>	<u>1,219,322</u>	<u>1,222,559</u>	<u>432,871</u>
Education for Homeless Children and Youth	84.196A	182320-1718	1,813	-	-	1,813	1,236	577
Education for Homeless Children and Youth	84.196A	172320-1617	1,237	-	1,191	-	-	-
			<u>3,050</u>	<u>-</u>	<u>1,191</u>	<u>1,813</u>	<u>1,236</u>	<u>577</u>
Total U.S. Department of Education passed through Ottawa Area Intermediate School District			<u>2,430,833</u>	<u>436,108</u>	<u>1,209,652</u>	<u>1,221,135</u>	<u>1,223,795</u>	<u>433,448</u>
Total U.S. Department of Education			<u>6,556,456</u>	<u>495,842</u>	<u>2,687,263</u>	<u>2,696,697</u>	<u>2,582,606</u>	<u>609,933</u>
<u>U.S. Department of Health and Human Services:</u>								
Passed through Ottawa Area Intermediate School District (OAISD):								
Medical Assistance Program	93.778		3,894	-	-	3,894	3,894	-
TOTAL FEDERAL AWARDS			<u>\$ 11,523,795</u>	<u>\$ 597,258</u>	<u>\$ 4,872,020</u>	<u>\$ 5,402,946</u>	<u>\$ 5,365,996</u>	<u>\$ 634,208</u>

The accompanying notes are an integral part of this schedule.

**WEST OTTAWA PUBLIC SCHOOLS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2018**

**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, 2018. 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, 2018:

General fund	\$ 2,700,591
Other nonmajor governmental fund	<u>2,702,355</u>
Total per financial statements	<u><u>\$ 5,402,946</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, 2018, 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, 2018.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Maney Costeiran PC*

September 27, 2018

**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, 2018. 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, 2018.

### **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, 2018

**WEST OTTAWA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

➤ Material weakness(es) identified ?            Yes     X     No

➤ Significant deficiency(ies) identified ?            Yes     X     No

Noncompliance material to financial statements            Yes     X     No

***Federal Awards***

Internal control over major programs:

➤ Material weakness(es) identified ?            Yes     X     No

➤ Significant deficiency(ies) identified ?            Yes     X     No

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

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?            Yes     X     No

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:     \$750,000    

Auditee qualified as low-risk auditee?     X     Yes            No

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**WEST OTTAWA PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2018**

2017. There were no audit findings required to be reported on this schedule for the year ended June 30,



*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
- Develop and implement a strategic and integrated communications plan
- 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