



West Ottawa Public Schools
Holland, MI



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ending June 30, 2019

WEST OTTAWA PUBLIC SCHOOLS

Holland, Michigan

Comprehensive Annual Financial Report

**Fiscal Year Ended
JUNE 30, 2019**

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, 2019**

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

West Ottawa Public Schools
1138- 136th Avenue Holland, MI 49424
Phone: (616)-786-2050
www.westottawa.net

*Superintendent
Tom Martin*

*Associate Superintendent Business Services
Jim English*

*Director of Human Resources
Jens Milobinski*

September 24, 2019

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

Dear Board Members and Citizens of West Ottawa Public Schools:

This letter of transmittal provides an overview of the financial position of West Ottawa Public Schools (the District) from the perspective of the Superintendent and the Associate Superintendent of Business Services. It serves as an introduction to our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The CAFR is divided into three sections: introductory section, financial section and statistical section. The introductory section includes the District's Organizational chart, a list of principal officials and this letter of transmittal. The financial section contains the independent auditor's unmodified opinion letter and the Management's Discussion and Analysis report. The Management's Discussion and Analysis report provides a more detailed analysis of the financial condition of the District and should be read in conjunction with this letter. The District's government-wide financial statements, fund financial statements and supplemental information are also contained in this section. The statistical section includes selected financial, demographic and general information, generally presented on a multi-year basis.

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

The District

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

The District's student enrollment peaked eleven years ago with more than 8,000 students and has been slowly declining ever since to the current level of 6,732 students. The projected enrollment for the 2019-20 fiscal year is 6,614. There are currently eight elementary schools (pre-kindergarten through 5th grade), two middle schools (6th-8th grades), and one high school (9th-12th grades).

Student Services Provided and Major Initiatives

West Ottawa Public Schools provides its students a comprehensive program of public education from the home delivery of services for early childhood special education students as early as age two through twelfth grade. The District has a broad-based curriculum designed to meet the individual needs of all students including regular daytime, at-risk, English language learners, special needs and alternative education pupils. All students have exposure to current technology integrated across curriculum and access to comprehensive media centers. Students also have the opportunity to participate in a Spanish Immersion program from pre-school through middle school. Middle school students have the opportunity to earn several high school credits prior to entering 9th grade. High School students can earn college credits through dual enrollment, Advanced Placement, and early college programs. The dual enrollment program allows qualifying high school students to attend local colleges and universities, receiving both high school and college credit. The 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 bond issue in 2014 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 \$65.5 million of the bonds have been issued. The remaining bonds will be issued in approximately four years.

In May of 2019, voters approved an additional \$98 million to further support the District's strategic plan to improve facilities and technology. The 2019 bond proposal will provide funding for a new elementary school, new performing arts center, new stadium, new technology, building improvements, security enhancements, site improvements and new buses. Approximately \$22 million of the bonds have been issued.

In November 2018 the community approved an enhancement millage that will generate approximately \$1.6 million annually for West Ottawa Public Schools. We appreciate the support from the community as the district has plans to invest these resources in lower class sizes and mental health support services for our students.

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 and 2019 bonds. Operationally the District spends about 75% 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 fifth 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 and 2019 bond proposals. 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 Board of Education that has adopted policies and programs designed to continue the District's quality improvement so that we can prepare all students to be college, career and life ready. We are also grateful to the staff members who work tirelessly to provide the best educational environment possible for West Ottawa students.

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

Respectfully submitted,



Thomas K. Martin
Superintendent of Schools



James English
Associate Superintendent
of Business Services

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

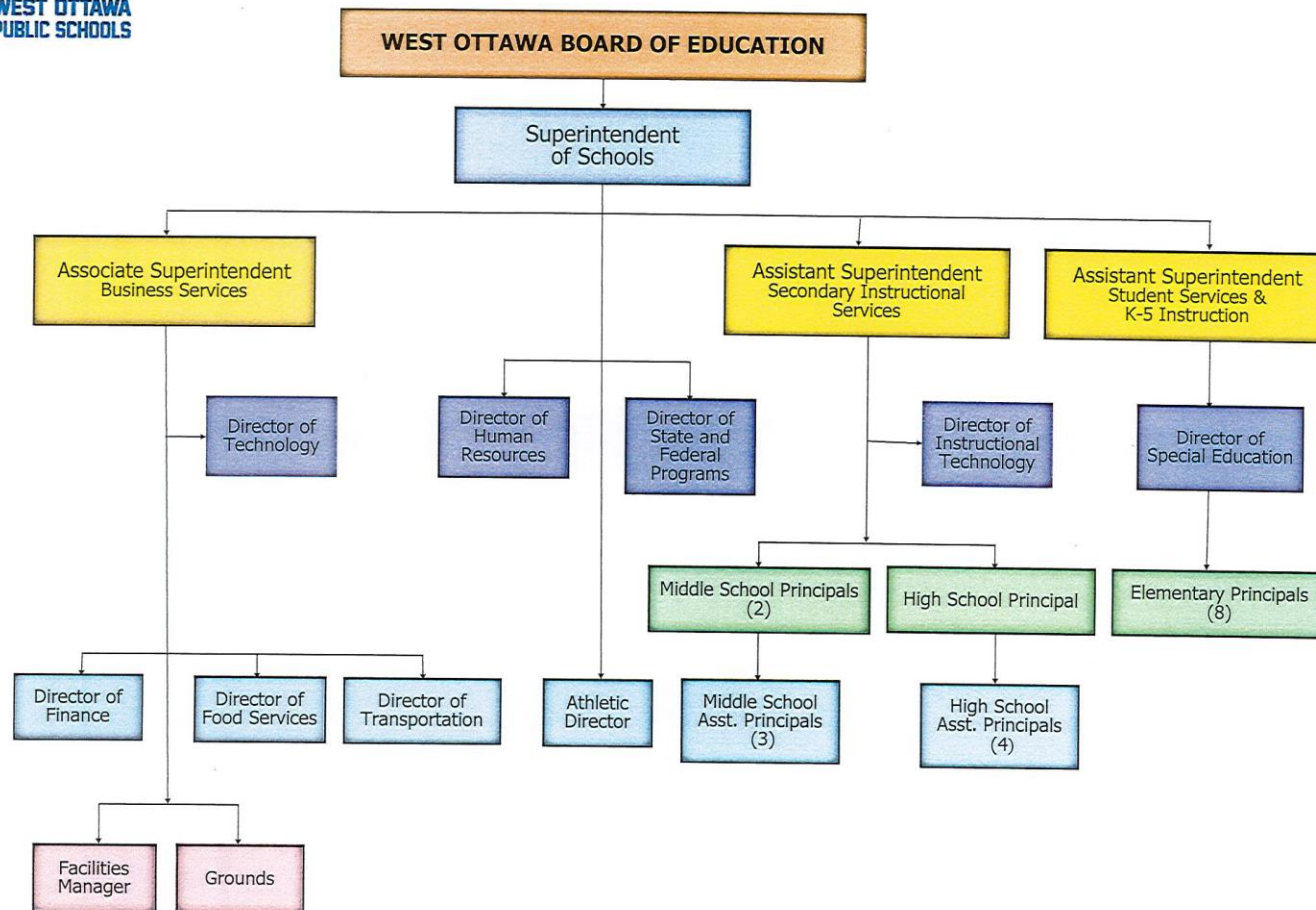
2019 Board of Education

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

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

2018 - 2019 Administrative Staff

Superintendent	Thomas Martin
Associate Superintendent of Business Services	James English
Director of Finance	Kyle Barr



Effective 08/08/2018



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**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, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer

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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, 2019, 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, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Ottawa Public Schools basic financial statements. The additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional supplementary information and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The additional supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2019 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.

Manes Costeiran PC

September 24, 2019

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, 2019.

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

District-wide Financial Analysis

The following schedule summarizes the net position at June 30, 2019 and 2018.

Table 1 West Ottawa Public Schools Net Position (in Millions)			
	2019	2018	Change
Current assets	\$ 72.51	\$ 53.48	\$ 19.03
Capital assets, net	154.56	147.55	7.01
Total assets	227.07	201.03	26.04
Deferred outflow of resources	50.23	28.20	22.03
Long-term obligations outstanding	132.47	119.98	12.49
Other liabilities	10.44	10.93	(0.49)
Net pension liability and other postemployment benefit	172.55	159.33	13.22
Total liabilities	315.46	290.24	25.22
Deferred inflows of resources	25.11	13.03	12.08
Net position:			
Net investment in capital assets	65.80	50.77	15.03
Restricted	0.45	1.15	(0.70)
Unrestricted	(129.52)	(125.96)	(3.56)
Total net position	\$ (63.27)	\$ (74.04)	\$ 10.77

The District's combined net position at the beginning of the fiscal year was (\$74,031,466) and on June 30, 2019 it was (\$63,270,133) which represents an increase of \$10,761,333 as recorded in the statement of activities.

Capital Assets

At June 30, 2019, the District had invested over \$245 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 \$3.7 million, bringing accumulated depreciation to \$90.3 million as of June 30, 2019.

Table 2 West Ottawa Public Schools' Capital Assets				
	2019			2018
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 6,129,748	\$ -	\$ 6,129,748	\$ 6,129,748
Construction in progress	32,342,428	-	32,342,428	6,502,295
Buildings and improvements	187,127,792	76,646,216	110,481,576	128,523,443
Furniture and equipment	13,590,237	9,868,152	3,722,085	4,183,231
Buses and other vehicles	5,667,906	3,785,599	1,882,307	2,206,310
Total	<u>\$ 244,858,111</u>	<u>\$ 90,299,967</u>	<u>\$ 154,558,144</u>	<u>\$ 147,545,027</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 Obligations

At June 30, 2019, the District had approximately \$132 million in long-term obligations outstanding. This represents an increase of approximately \$12 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 2019 less the retirement of principal as part of routine annual debt payments.

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

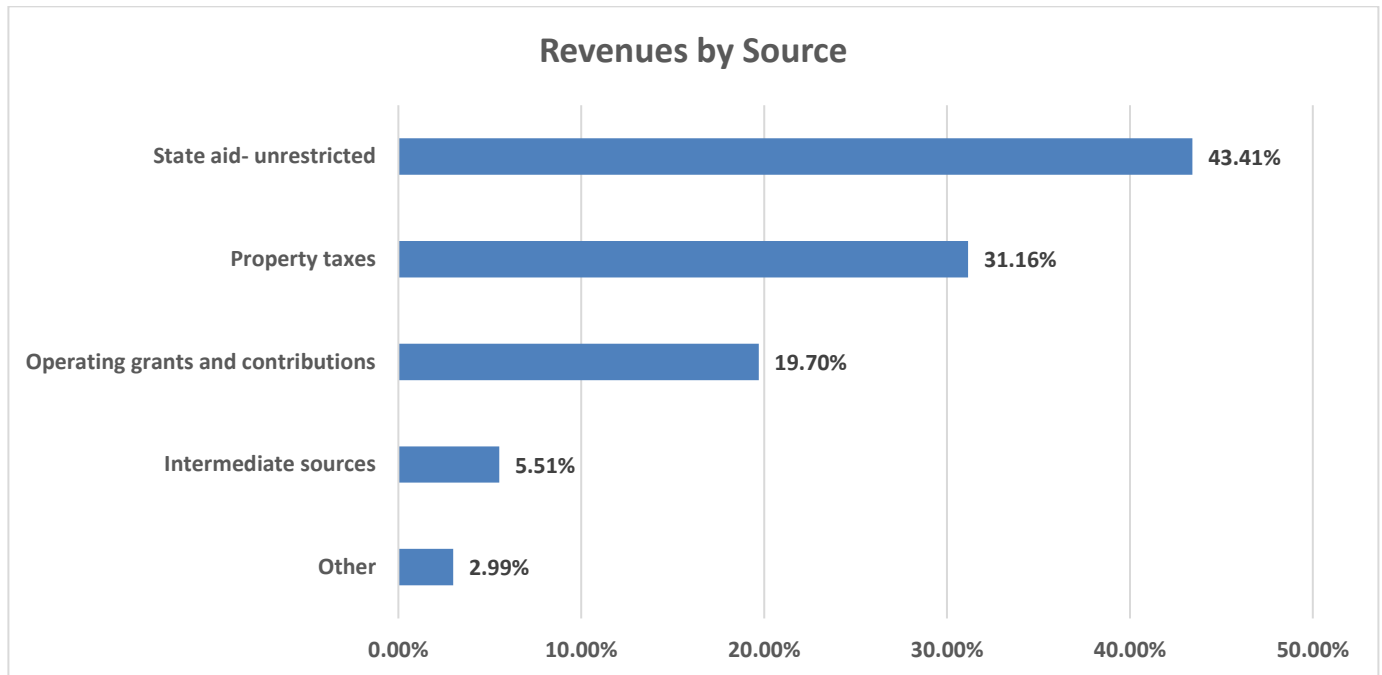
Results of Operations

For the fiscal years ended June 30, 2019 and 2018, the results of operations, on a district-wide basis were:

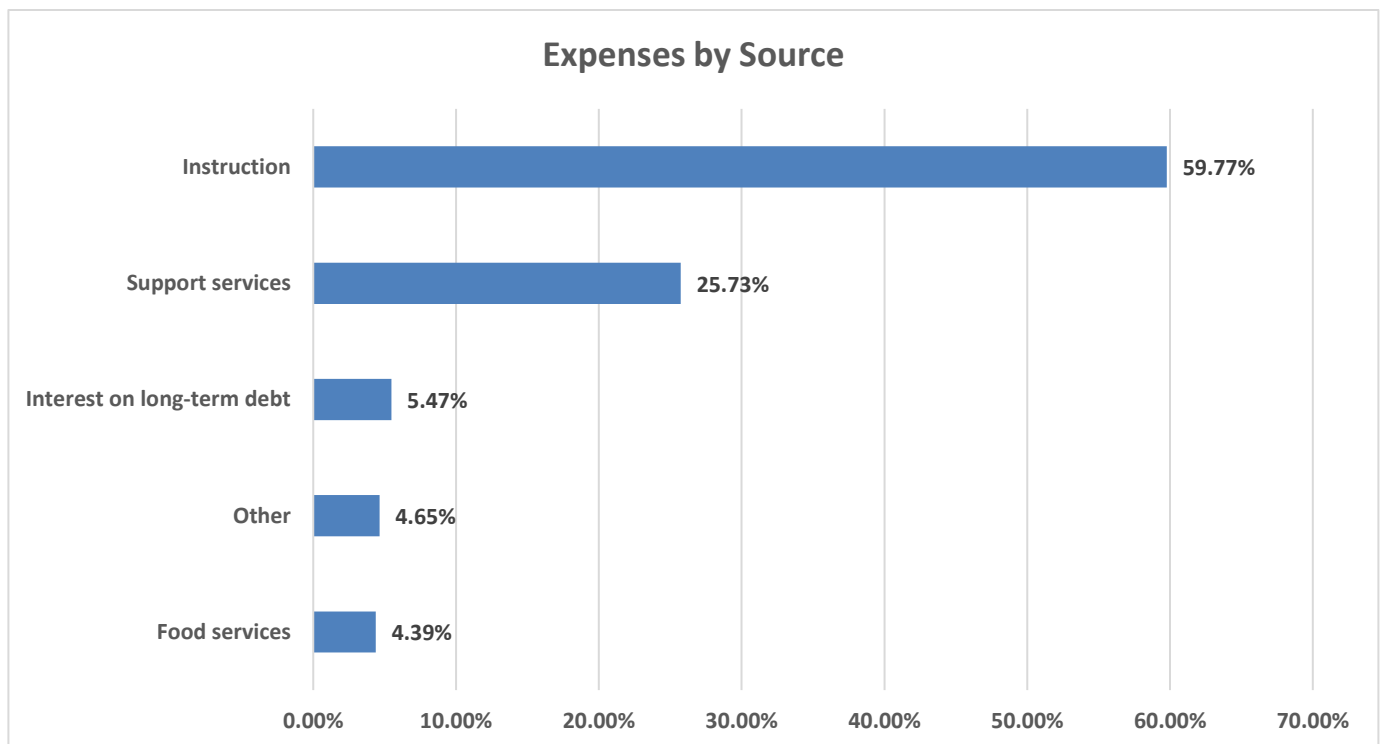
Table 3 Changes in West Ottawa Public Schools' Net Position			
	2019	2018	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,384,158	\$ 1,357,794	\$ 26,364
Operating grants and contributions	18,569,936	18,719,153	(149,217)
General revenues:			
Property taxes	29,370,669	28,213,883	1,156,786
Investment earnings	956,133	321,171	634,962
State aid - unrestricted	40,917,323	39,676,076	1,241,247
Intermediate sources	5,196,732	5,424,135	(227,403)
Other	481,907	546,823	(64,916)
Total revenues	96,876,858	94,259,035	2,617,823
Expenses:			
Instruction	51,468,755	51,831,632	(362,877)
Support services	22,159,225	21,253,780	905,445
Community services	262,576	288,892	(26,316)
Food services	3,778,367	3,745,830	32,537
Interest on long-term debt	4,707,960	4,713,177	(5,217)
Unallocated depreciation	3,738,642	4,037,812	(299,170)
Total expenses	86,115,525	85,871,123	244,402
Change in net position	10,761,333	8,387,912	2,373,421
Net position, beginning of year	(74,031,466)	(82,419,378)	8,387,912
Net position, end of year	\$ (63,270,133)	\$ (74,031,466)	\$ 10,761,333

In most of the above categories, the differences between the 2017-2018 fiscal year and the 2018-2019 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. Federal revenue shows a small decrease due to expected shift in federal program funding.



On the expense side, a modest increase of 4% in support services is related to the continued effort to improve facilities while maintaining an emphasis of keeping dollars invested on instruction related expenses where it matters.



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.

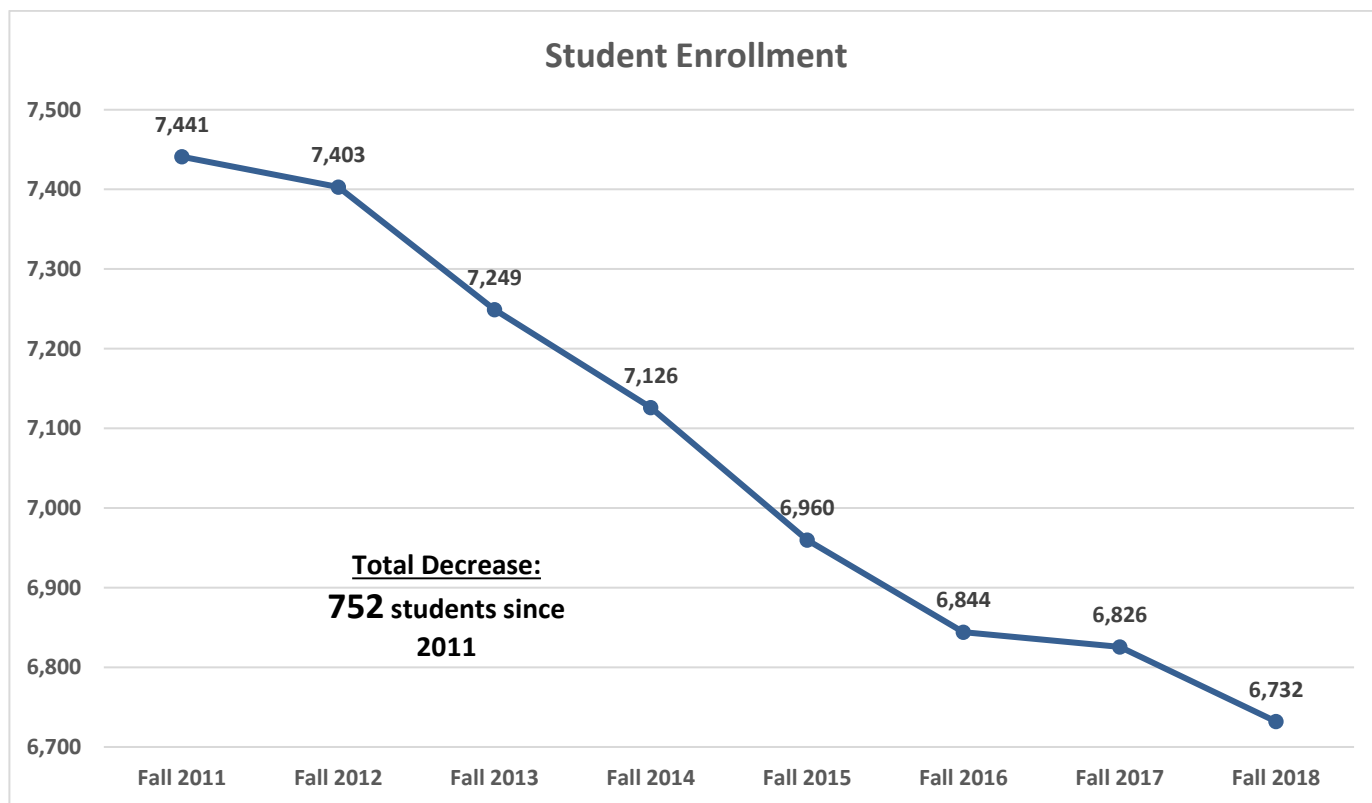
State Sources

The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's October (2018) count and 10% of the prior year's February (2018) count. The state per-pupil allocation was \$7,631 for 2017-2018 and increased by \$240 per pupil for 2018-2019 to \$7,871 per pupil.

Student Enrollment

The District's enrollment for the fall count of 2018-2019 was 6,732 students. This is a decrease of 94 students or 1.4% 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 2018	6,732	-94
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



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 re-adjusted 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 2018-2019 fiscal year, the District's net property tax revenues for general purposes were \$12,177,760. This was an increase of 3.4% 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 \$16,566,276.

West Ottawa Public Schools West Ottawa Public Schools levied a 0.2936 mill building and site property tax to pay for repairs. The building and site millage provides the revenue in the repair and improvement fund and is often referred to as a "sinking fund." The total sinking fund levy in the current year was approximately \$627,000.

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 \$38.7 million, consistent with the prior year, with benefit costs down by approximately \$438,000 and equal to approximately \$24.6 million for the fiscal year. The total health benefit costs for 2018-2019 were about \$5.91 million, down approximately \$144,000 from the prior year. The District contributed around \$15.20 million toward employees' pension and other postemployment benefits, an increase of 1.8% 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 74% 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 2018-2019 fiscal year, the District amended the general fund budget, with the Board adopting the final changes in June 2019. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations.

	Original budget	Final budget	Actual	Variance with final budget	% Variance
Total revenues and other financing sources	<u>\$ 73,950,000</u>	<u>\$ 73,975,000</u>	<u>\$ 74,339,318</u>	<u>\$ 364,318</u>	0.49%
Expenditures and other financing uses					
Instruction	\$ 49,690,000	\$ 49,470,000	\$ 49,305,510	\$ 164,490	0.33%
Support services	23,420,000	23,795,000	23,796,608	(1,608)	-0.01%
Community services	300,000	265,000	262,576	2,424	0.91%
Capital outlay	<u>990,000</u>	<u>1,295,000</u>	<u>1,278,429</u>	<u>16,571</u>	1.28%
Total expenditures and other financing uses	<u>\$ 74,400,000</u>	<u>\$ 74,825,000</u>	<u>\$ 74,643,123</u>	<u>\$ 181,877</u>	0.24%

The actual revenues and other financing sources for the general fund were about \$74.3 million. This is above the final amended budget by \$364,318 or 0.49%. The actual general fund expenditures and other financing uses were \$74.6 million. This is below the final amended budget amount by 0.24%. The majority of the variances are near 1% and are not significant. The District did overspend the expense line items related to support services but not by a large amount.

Analysis of Financial Position

The District had a general fund decrease of \$303,805 in 2018-2019. The small deficit is the result of conservative fiscal planning in anticipation of future deficits as the State of Michigan faces projected significant budgetary challenges in the future and funding increases are not likely to keep pace with inflation.

The accumulated fund balance is approximately \$15.7 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 \$63.9 million, this was an increase of \$19.7 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 2018-2019 included building additions to North Holland and Woodside Elementary, building management system improvements at multiple buildings, completion of a new transportation facility, and renovations to a new technology hub in Harbor Lights Middle School. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>2014 Capital projects fund</u>	<u>2019 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
FUND BALANCE					
Beginning of year	\$ 16,031,600	\$ 22,923,620	\$ -	\$ 5,227,748	\$ 44,182,968
Increase (decrease)	(303,805)	(1,201,591)	21,746,290	(551,155)	19,689,739
End of year	<u>\$ 15,727,795</u>	<u>\$ 21,722,029</u>	<u>\$ 21,746,290</u>	<u>\$ 4,676,593</u>	<u>\$ 63,872,707</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 have yet to adopt a budget for the 2019-2020 fiscal year and with the majority of K-12 school funding coming from the State of Michigan, the School District is unable to plan financially for the school year that is already underway. In 2018-2019, the State of Michigan budget removed approximately \$908 million designated for K-12 funding to give it to higher education institutions and community colleges in 2018-2019. State politicians may choose to divert earmarked funds away from K-12 education again for 2019-2020 and beyond. 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 2019 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 \$65.5 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 repair and improvement fund to pay for all these needs.
- West Ottawa Public Schools' voters approved the issuance of \$97.95 million in new bonds on May 7, 2019. Approximately \$22 million of the approved bonds have been issued. These funds will be used to construct a new elementary school, a new performing arts center, and a new stadium. Improvements at Sheldon Woods Elementary and Harbor Lights Middle School will also be paid for using these bond proceeds. Other projects to be completed over the next ten years include energy efficiency upgrades, parking lot replacement, roof replacement, and the purchase of new buses and technology.
- The District building and site fund millage which funds the repair and improvement fund 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, 2019

	Governmental activities
ASSETS:	
Cash and cash equivalents	\$ 11,008,597
Investments	6,665,037
Receivables:	
Accounts receivable	21,826
Taxes receivable	68,597
Interest receivable	140,150
Intergovernmental	10,741,191
Inventories	18,727
Prepays	144,749
Restricted cash - capital projects	2,597,486
Restricted investments - capital projects	41,109,280
Capital assets not being depreciated	38,472,176
Capital assets, net of accumulated depreciation	116,085,968
TOTAL ASSETS	227,073,784
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding, net of amortization	74,484
Related to other postemployment benefits	6,706,938
Related to pension	43,444,602
TOTAL DEFERRED OUTFLOWS OF RESOURCES	50,226,024
LIABILITIES:	
Accounts payable	1,050,260
Accrued salaries and related items	4,725,831
Accrued retirement	1,813,664
Accrued interest	1,799,168
Due to fiduciary fund	250
Unearned revenue	1,052,928
Noncurrent liabilities:	
Due within one year	7,297,838
Due in more than one year	125,172,125
Net other postemployment benefits liability	35,872,101
Net pension liability	136,679,364
TOTAL LIABILITIES	315,463,529
DEFERRED INFLOWS OF RESOURCES:	
Related to state aid funding for pension	4,981,802
Related to other postemployment benefits	8,548,648
Related to pension	11,575,962
TOTAL DEFERRED INFLOWS OF RESOURCES	25,106,412
NET POSITION:	
Net investment in capital assets	65,795,204
Restricted for debt service	17,901
Restricted for capital projects	435,907
Unrestricted	(129,519,145)
TOTAL NET POSITION	\$ (63,270,133)

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, 2019

				Governmental activities
				Net (expense) revenue and changes in net position
Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants	
Governmental activities:				
Instruction	\$ 51,468,755	\$ 104,598	\$ 10,744,180	\$ (40,619,977)
Support services	22,159,225	96,387	4,812,526	(17,250,312)
Community services	262,576	-	97,811	(164,765)
Food services	3,778,367	1,183,173	2,915,419	320,225
Interest on long-term debt	4,707,960	-	-	(4,707,960)
Unallocated depreciation*	3,738,642	-	-	(3,738,642)
Total governmental activities	<u>\$ 86,115,525</u>	<u>\$ 1,384,158</u>	<u>\$ 18,569,936</u>	<u>(66,161,431)</u>
General revenues:				
Property taxes, levied for general purposes				12,177,760
Property taxes, levied for debt service				16,566,276
Property taxes, levied for capital projects sinking fund				626,633
Investment earnings				956,133
State sources				40,917,323
Intermediate sources				5,196,732
Other				481,907
Total general revenues				<u>76,922,764</u>
CHANGE IN NET POSITION				10,761,333
NET POSITION, beginning of year				<u>(74,031,466)</u>
NET POSITION, end of year				<u>\$ (63,270,133)</u>

*Unallocated depreciation includes 100% of depreciation expense, no depreciation expense is allocated to various programs.

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

**WEST OTTAWA PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General fund	2014 Capital projects fund	2019 Capital projects fund	Total nonmajor funds	Total governmental funds
ASSETS					
ASSETS:					
Cash and cash equivalents	\$ 7,791,342	\$ -	\$ -	\$ 3,217,255	\$ 11,008,597
Investments	5,322,731	-	-	1,342,306	6,665,037
Receivables:					
Property taxes receivable	66,753	-	-	1,844	68,597
Accounts receivable	13,874	-	-	7,952	21,826
Interest receivable	-	81,068	59,082	-	140,150
Intergovernmental	10,640,889	-	-	100,302	10,741,191
Due from other funds	6,357	85,089	-	99,223	190,669
Inventories	-	-	-	18,727	18,727
Prepays	120,887	-	-	23,862	144,749
Restricted cash - capital projects	-	2,597,486	-	-	2,597,486
Restricted investments - capital projects	-	19,175,555	21,933,725	-	41,109,280
TOTAL ASSETS	\$ 23,962,833	\$ 21,939,198	\$ 21,992,807	\$ 4,811,471	\$ 72,706,309
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 606,282	\$ 217,169	\$ 161,428	\$ 65,381	\$ 1,050,260
Accrued salaries and related items	4,716,947	-	-	8,884	4,725,831
Accrued retirement	1,812,792	-	-	872	1,813,664
Due to other funds	94,567	-	85,089	11,013	190,669
Due to fiduciary fund	-	-	-	250	250
Unearned revenue	1,004,450	-	-	48,478	1,052,928
TOTAL LIABILITIES	8,235,038	217,169	246,517	134,878	8,833,602

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

	General fund	2014 Capital projects fund	2019 Capital projects fund	Total nonmajor funds	Total governmental funds
FUND BALANCES:					
Nonspendable:					
Prepays	\$ 120,887	\$ -	-	\$ 23,862	\$ 144,749
Restricted:					
Food service	-	-	-	1,070,128	1,070,128
Capital projects	-	21,722,029	21,746,290	435,907	43,904,226
Debt service	-	-	-	1,817,069	1,817,069
Assigned:					
Subsequent year expenditures	700,000	-	-	-	700,000
Capital projects	-	-	-	1,329,627	1,329,627
Unassigned	14,906,908	-	-	-	14,906,908
TOTAL FUND BALANCES	15,727,795	21,722,029	21,746,290	4,676,593	63,872,707
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,962,833	\$ 21,939,198	\$ 21,992,807	\$ 4,811,471	\$ 72,706,309

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, 2019

Total governmental fund balances	\$ 63,872,707
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources - related to pension	43,444,602
Deferred outflows of resources - related to other postemployment benefits	6,706,938
Deferred outflows of resources - charges on refunding, net of amortization	74,484
Deferred inflows of resources - related to pension	(11,575,962)
Deferred inflows of resources - state aid funding for pension	(4,981,802)
Deferred inflows of resources - related to other postemployment benefits	(8,548,648)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	244,858,111
Accumulated depreciation is	(90,299,967)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(129,895,602)
Accreted interest on capital appreciation bonds	(2,410,141)
Compensated absences and termination benefits	(164,220)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(1,799,168)
Net other postemployment benefits liability	(35,872,101)
Net pension liability	(136,679,364)
Net position of governmental activities	<u><u>\$ (63,270,133)</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, 2019

	<u>General fund</u>	<u>2014 Capital projects fund</u>	<u>2019 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
REVENUES:					
Local sources:					
Property taxes	\$ 12,177,760	\$ -	\$ -	\$ 17,192,909	\$ 29,370,669
Tuition	104,598	-	-	-	104,598
Investment earnings (loss)	191,649	595,435	(3,110)	172,159	956,133
Food sales	-	-	-	1,030,557	1,030,557
Other	125,096	-	-	510,334	635,430
Total local sources	12,599,103	595,435	(3,110)	18,905,959	32,097,387
State sources	53,203,766	-	-	726,521	53,930,287
Federal sources	3,081,656	-	-	2,748,904	5,830,560
Incoming transfers and other	5,279,793	-	-	-	5,279,793
Total revenues	74,164,318	595,435	(3,110)	22,381,384	97,138,027
EXPENDITURES:					
Current:					
Instruction	49,305,510	-	-	-	49,305,510
Supporting services	23,796,608	-	-	-	23,796,608
Food service activities	-	-	-	3,643,941	3,643,941
Community service activities	262,576	-	-	-	262,576
Capital outlay	1,278,429	5,772,108	165,139	1,728,505	8,944,181

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

	<u>General fund</u>	<u>2014 Capital projects fund</u>	<u>2019 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
EXPENDITURES: (Concluded)					
Debt service:					
Principal repayment	\$ -	\$ -	\$ -	\$ 7,603,957	\$ 7,603,957
Interest	-	-	-	9,790,554	9,790,554
Bond issuance costs	-	34,426	153,893	-	188,319
Other	-	-	-	3,000	3,000
Total expenditures	<u>74,643,123</u>	<u>5,806,534</u>	<u>319,032</u>	<u>22,769,957</u>	<u>103,538,646</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(478,805)</u>	<u>(5,211,099)</u>	<u>(322,142)</u>	<u>(388,573)</u>	<u>(6,400,619)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of bonds	-	3,355,000	18,835,000	-	22,190,000
Bond premium	-	654,508	3,233,432	-	3,887,940
Proceeds from sale of capital assets	-	-	-	12,418	12,418
Transfer in	175,000	-	-	81,229	256,229
Transfer out	-	-	-	(256,229)	(256,229)
Total other financing sources (uses)	<u>175,000</u>	<u>4,009,508</u>	<u>22,068,432</u>	<u>(162,582)</u>	<u>26,090,358</u>
NET CHANGE IN FUND BALANCES	<u>(303,805)</u>	<u>(1,201,591)</u>	<u>21,746,290</u>	<u>(551,155)</u>	<u>19,689,739</u>
FUND BALANCES:					
Beginning of year	<u>16,031,600</u>	<u>22,923,620</u>	<u>-</u>	<u>5,227,748</u>	<u>44,182,968</u>
End of year	<u>\$ 15,727,795</u>	<u>\$ 21,722,029</u>	<u>\$ 21,746,290</u>	<u>\$ 4,676,593</u>	<u>\$ 63,872,707</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, 2019

Net change in fund balances total governmental funds	\$ 19,689,739
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(3,738,642)
Capital outlay	10,797,285
Unrecovered cost on asset disposal	(45,526)
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	1,631,759
Accrued interest payable, end of the year	(1,799,168)
The issuance of long-term obligations (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term obligations 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 issuance	(22,190,000)
Premium on the debt issuance	(3,887,940)
Payments on debt	7,603,957
Net decrease in accretion on bonds	5,250,003
Amortization of bond premium	(43,294)
Amortization of deferred charges on refunding	732,459
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	161,857
Accrued compensated absences and termination benefits, end of the year	(164,220)
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	(4,274,248)
Other postemployment benefits related items	1,310,899
Restricted revenue reported in the government funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
Pension related items, beginning of year	4,708,215
Pension related items, end of year	(4,981,802)
Change in net position of governmental activities	<u><u>\$ 10,761,333</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, 2019

	<u>Agency fund</u>
ASSETS:	
Cash	\$ 843,541
Investments	925,853
Accounts receivable	<u>3,901</u>
TOTAL ASSETS	<u><u>\$ 1,773,295</u></u>
LIABILITIES:	
Accounts payable	\$ 22,514
Due to student and other groups	<u>1,750,781</u>
TOTAL LIABILITIES	<u><u>\$ 1,773,295</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 funds* 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 \$3,355,000 of bonds on May 7, 2019, at which time all funds were available for the intended purpose of the bond issued. The issuance is the third 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 District issued \$18,835,000 of bonds on May 7, 2019, 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 2019 capital projects fund. Beginning with the year of bond issuance, the District reported the annual construction activity in the 2019 capital projects fund.

The following is a summary of the revenue and expenditures for the 2014 and 2019 capital projects bond activity since inception through the current fiscal year:

	2014 Bond	2019 Bond
Revenues and other financing sources	\$ 67,184,126	\$ 22,065,322
Expenditures	\$ 45,462,097	\$ 319,032

The above revenue amount includes net bond proceeds related to the 2014 and 2019 Bonds of \$64,942,587 and \$18,835,000, respectively.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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, 2019. 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

Certain prior year numbers have been reclassified to be in conformity with the current year presentation.

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, 2019, 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	0.2936

**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, 2019, the district had the following investments:

Investment type	Fair value	Weighted average maturity (years)	Standard & Poor's rating	%
Fidelity Institutional Treasury Portfolio	\$ 5,564,288	0.0027	N/A	11.43%
United States Treasury Notes	37,039,573	4.0096	AA+	76.06%
First United Credit Union - CD	259,908	0.2986	N/A	0.53%
First United Credit Union - CD	250,000	2.0082	N/A	0.51%
Lake Michigan Credit Union - CD	262,666	1.0822	N/A	0.54%
Horizon Bank - CD	1,015,104	0.2219	N/A	2.08%
Flagstar - CD	500,000	0.8904	N/A	1.03%
Flagstar - CD	307,069	0.8110	N/A	0.63%
Lake Michigan Credit Union - CD	263,164	1.0820	N/A	0.54%
Chemical Bank - CD	450,000	0.7397	N/A	0.92%
West Michigan Community Bank - CD	304,927	0.1425	N/A	0.63%
First United Credit Union - CD	451,248	1.0820	N/A	0.93%
Horizon Bank - CD	500,000	0.2411	N/A	1.03%
Horizon Bank - CD	1,000,000	0.6301	N/A	2.05%
Horizon Bank - CD	505,980	0.7014	N/A	1.04%
FDIC insured deposit account	26,243	0.0027	N/A	0.05%
Total fair value	<u>\$ 48,700,170</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>3.1329</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, 2019, 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, 2019, \$21,031,711 of the District's bank balance of \$22,796,348 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$14,449,624.

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, 2019, the carrying amount is as follows:

Deposits	\$ 14,449,624
Investments	48,700,170
	<u>\$ 63,149,794</u>

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

Cash and cash equivalents:	
Government wide - unrestricted	\$ 11,008,597
Government wide - restricted	2,597,486
Agency	843,541
Investments:	
Government wide - unrestricted	6,665,037
Government wide - restricted	41,109,280
Agency	925,853
	<u>\$ 63,149,794</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, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
Assets not being depreciated:					
Land	\$ 6,129,748	\$ -	\$ -	\$ -	\$ 6,129,748
Construction in progress	6,502,295	13,643,550	6,502,295	18,698,878	32,342,428
Subtotal	12,632,043	13,643,550	6,502,295	18,698,878	38,472,176
Other capital assets:					
Buildings and improvements	202,368,548	3,299,227	-	(18,539,983)	187,127,792
Furniture and equipment	13,626,003	190,378	67,249	(158,895)	13,590,237
Buses and other vehicles	5,548,114	166,425	46,633	-	5,667,906
Subtotal	221,542,665	3,656,030	113,882	(18,698,878)	206,385,935
Accumulated depreciation:					
Buildings and improvements	73,845,105	2,801,111	-	-	76,646,216
Furniture and equipment	9,442,772	469,583	44,203	-	9,868,152
Buses and other vehicles	3,341,804	467,948	24,153	-	3,785,599
Total accumulated depreciation	86,629,681	3,738,642	68,356	-	90,299,967
Net capital assets being depreciated	134,912,984	(82,612)	45,526	(18,698,878)	116,085,968
Net governmental capital assets	<u>\$ 147,545,027</u>	<u>\$ 13,560,938</u>	<u>\$ 6,547,821</u>	<u>\$ -</u>	<u>\$ 154,558,144</u>

Depreciation expense for the fiscal year ended June 30, 2019 amounted to \$3,738,642. 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 \$3,670,000.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2019 consist of the following:

State aid	\$ 9,511,578
Federal revenue	841,222
Intermediate sources and other	388,391
	<u>\$ 10,741,191</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 OBLIGATIONS

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, 2019:

	Compensated absences	General obligation bonds	Total
Balance, July 1, 2018	\$ 161,857	\$ 119,814,222	\$ 119,976,079
Additions	2,363	26,077,940	26,080,303
Deletions	-	(13,586,419)	(13,586,419)
Balance, June 30, 2019	164,220	132,305,743	132,469,963
Due within one year	16,422	7,281,416	7,297,838
Due in more than one year	\$ 147,798	\$ 125,024,327	\$ 125,172,125

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

NOTE 5 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligations at June 30, 2019 is comprised of the following issues:

1992 refunding bonds - \$51,425,000, due in annual installment of \$1,286,416 through May 1, 2020 with interest at 6.400%; including accreted interest on capital appreciation bonds of \$2,410,141.	\$ 3,696,557
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 installment of \$2,040,000 through May 1, 2020 with interest from 3.000%.	1,720,000
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%.	35,600,000
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%.	11,525,000
2019 building and site bonds - \$21,190,000, due in annual installments of \$460,000 to \$4,400,000 through May 1, 2044 with interest from 4.000% to 5.000%.	22,190,000
Issuance premium	<u>11,814,186</u>
Total general obligation bonds	132,305,743
Compensated absences	<u>164,220</u>
Total general long-term obligations	<u><u>\$ 132,469,963</u></u>

On May 7, 2019, the District issued general obligation bonds of \$22,190,000 with an interest rate of 4.0% to 5.0%. The bonds mature at various times through May 1, 2044. The general obligation bonds were issued at a premium of \$3,887,940 after paying issuance costs of \$188,319.

WEST OTTAWA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (Concluded)

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, 2019, \$75,775,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations exclusive of compensated absences payments as of June 30, 2019 are as follows:

Year ending June 30,	Principal	Interest	Compensated absences	Total
2020	\$ 7,281,416	\$ 10,932,366	\$ -	\$ 18,213,782
2021	14,190,000	4,868,198	-	19,058,198
2022	9,445,000	4,271,967	-	13,716,967
2023	7,150,000	3,855,080	-	11,005,080
2024	7,230,000	3,548,909	-	10,778,909
2025 - 2029	28,910,000	13,458,813	-	42,368,813
2030 - 2034	21,650,000	7,871,502	-	29,521,502
2035 - 2039	17,225,000	3,461,500	-	20,686,500
2040 - 2044	5,000,000	1,165,000	-	6,165,000
	<u>118,081,416</u>	<u>53,433,335</u>	<u>-</u>	<u>171,514,751</u>
Accreted interest on capital				
appreciation bonds	2,410,141	-	-	2,410,141
Issuance premium	11,814,186	-	-	11,814,186
Compensated absences	-	-	164,220	164,220
	<u>\$ 132,305,743</u>	<u>\$ 53,433,335</u>	<u>\$ 164,220</u>	<u>\$ 185,903,298</u>

Accumulated compensated absences and termination benefits typically are liquidated by the general fund. Interest expense for the year ended June 30, 2019 was approximately \$4,700,000.

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

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2019 are as follows:

Receivable fund		Payable fund	
Food service fund	\$ 4,656	General fund	\$ 88,210
Building transfer fund	83,554		
2014 capital projects fund	85,089	2019 capital projects fund	85,089
	<u>\$ 173,299</u>		<u>\$ 173,299</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 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.michigan.gov/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 - PENSION AND OTHER POSTEMPLOYMENT 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 member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT 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 they 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 - PENSION AND OTHER POSTEMPLOYMENT 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 for Basic Plan members and Pension Plus members (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 closed the current hybrid plan (Pension Plus) 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 two 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 - PENSION AND OTHER POSTEMPLOYMENT 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 60th 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 - PENSION AND OTHER POSTEMPLOYMENT 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 benefits. 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 Postemployment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of September 30, 2017 valuation will be amortized over a 21-year period beginning October 1, 2017 and ending September 30, 2038.

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, 2017 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.54% - 19.74%	7.57% - 7.93%

The District's pension contributions for the year ended June 30, 2019 were equal to the required contribution total. Pension contributions were approximately \$11,847,000, with \$11,698,000 specifically for the Defined Benefit Plan.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employer Contributions (Concluded)

The District's OPEB contributions for the year ended June 30, 2019 were equal to the required contribution total. OPEB benefits were approximately \$3,356,000, with \$3,205,000 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, 2019, the District reported a liability of \$136,679,364 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2017 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, 2018 and 2017, the District's proportion was 0.45466% and 0.45840%.

<i><u>MPSERS (Plan) Non-university employers</u></i>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Total pension liability	\$ 79,863,694,444	\$ 72,407,218,688
Plan fiduciary net position	\$ 49,801,889,205	\$ 46,492,967,573
Net pension liability	\$ 30,061,805,239	\$ 25,914,251,115
Proportionate share	0.45466%	0.45840%
Net pension liability for the District	\$ 136,679,364	\$ 118,791,816

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

For the year ended June 30, 2019, the District recognized pension expense of approximately \$15,972,000.

At June 30, 2019, 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	\$ 31,654,828	\$ -
Net difference between projected and actual earnings on pension plan investments	-	9,345,394
Differences between expected and actual experience	634,218	993,225
Changes in proportion and differences between employer contributions and proportionate share of contributions	133,398	1,237,343
Reporting Unit's contributions subsequent to the measurement date	11,022,158	-
	<u>\$ 43,444,602</u>	<u>\$ 11,575,962</u>

\$11,022,158, 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
2019	\$ 8,593,846
2020	6,214,353
2021	4,304,588
2022	1,733,695

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

OPEB Liabilities

At June 30, 2019, the District reported a liability of \$35,872,101 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2017 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, 2018 and 2017, the District's proportion was 0.45128% and 0.45772%.

<u>MPERS (Plan) Non-university employers</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Total other postemployment benefits liability	\$ 13,932,170,264	\$ 13,920,945,991
Plan fiduciary net position	\$ 5,983,218,473	\$ 5,065,474,948
Net other postemployment benefits liability	\$ 7,948,951,791	\$ 8,855,471,043
Proportionate share	0.45128%	0.45772%
Net other postemployment benefits liability for the District	\$ 35,872,101	\$ 40,533,595

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

For the year ended June 30, 2019, the District recognized OPEB expense of approximately \$1,894,000.

At June 30, 2019, 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	\$ 3,798,874	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,378,651
Differences between expected and actual experience	-	6,676,720
Changes in proportion and differences between employer contributions and proportionate share of contributions	478	493,277
Reporting Unit's contributions subsequent to the measurement date	2,907,586	-
	<u>\$ 6,706,938</u>	<u>\$ 8,548,648</u>

\$2,907,586, 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
2019	\$ (1,158,235)
2020	(1,158,235)
2021	(1,158,235)
2022	(876,939)
2023	(397,652)

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

Investment rate of return for pension - 7.05% 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 - 7.15% a year, compounded annually net of investment and administrative expenses.

Salary increases - The rate of pay increase used for individual members is 2.75%.

Inflation - 3.0%.

Mortality assumptions:

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

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

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

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2017. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2017 valuation.

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 7.05% (7% Pension Plus Plan), and the other postemployment benefit rate was 7.15%, 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 3.0% in year 12.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2018 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%	5.7%
Private Investment Pools	18.0%	9.2%
International Equity Pools	16.0%	7.2%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	3.9%
Absolute Return Pools	15.5%	5.2%
Short Term Investment Pools	2.0%	0.0%
	<u>100.00%</u>	

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

Pension discount rate - A single discount rate of 7.05% was used to measure the total pension liability (7.00% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan). This discount rate was based on the long-term rate of return on pension plan investments of 7.05% (7.00% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member 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 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

OPEB discount rate - A single discount rate of 7.15% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.15%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 a single discount rate of 7.05% (7.00% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 179,449,449	\$ 136,679,364	\$ 101,144,377

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 a single discount rate of 7.15%, 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 1 percentage point lower or 1 percentage point higher than the current rate:

	Other postemployment benefits		
	1% Decrease	Discount rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 43,063,728	\$ 35,872,101	\$ 29,823,064

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT 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 3.0%), 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 1 percentage point lower or 1 percentage point higher than the current rate:

	Other postemployment benefits		
	1% Decrease	Healthcare cost trend rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 29,504,408	\$ 35,872,101	\$ 43,177,145

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 2018 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).

**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 \$175,000 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds. \$81,229 was transferred between the debt service funds.

**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	\$ 13,596	\$ -	\$ -	\$ 13,596
Holland Charter Township	546,287	48,059	110,836	705,182
	<u>\$ 559,883</u>	<u>\$ 48,059</u>	<u>\$ 110,836</u>	<u>\$ 718,778</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 - 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.

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REQUIRED SUPPLEMENTARY INFORMATION

**WEST OTTAWA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local sources	\$ 12,600,000	\$ 12,575,000	\$ 12,599,103	\$ 24,103
State sources	53,000,000	53,200,000	53,203,766	3,766
Federal sources	2,800,000	2,850,000	3,081,656	231,656
Incoming transfers and other	5,550,000	5,175,000	5,279,793	104,793
Total revenues	<u>73,950,000</u>	<u>73,800,000</u>	<u>74,164,318</u>	<u>364,318</u>
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	39,490,000	39,100,000	39,099,969	31
Added needs	<u>10,200,000</u>	<u>10,370,000</u>	<u>10,205,541</u>	<u>164,459</u>
Total instruction	<u>49,690,000</u>	<u>49,470,000</u>	<u>49,305,510</u>	<u>164,490</u>
Supporting services:				
Pupil	3,990,000	4,055,000	4,024,272	30,728
Instructional staff	3,000,000	3,000,000	2,999,980	20
General administration	700,000	810,000	804,495	5,505
School administration	3,765,000	3,700,000	3,694,359	5,641
Business	640,000	650,000	648,581	1,419
Operation/maintenance	5,950,000	6,480,000	6,474,669	5,331
Pupil transportation	2,900,000	2,670,000	2,721,551	(51,551)
Central	1,160,000	1,100,000	1,099,088	912
Athletics	<u>1,315,000</u>	<u>1,330,000</u>	<u>1,329,613</u>	<u>387</u>
Total supporting services	<u>23,420,000</u>	<u>23,795,000</u>	<u>23,796,608</u>	<u>(1,608)</u>
Community services	<u>300,000</u>	<u>265,000</u>	<u>262,576</u>	<u>2,424</u>
Capital outlay	<u>990,000</u>	<u>1,295,000</u>	<u>1,278,429</u>	<u>16,571</u>
Total expenditures	<u>74,400,000</u>	<u>74,825,000</u>	<u>74,643,123</u>	<u>181,877</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(450,000)</u>	<u>(1,025,000)</u>	<u>(478,805)</u>	<u>546,195</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>-</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (450,000)</u>	<u>\$ (850,000)</u>	<u>(303,805)</u>	<u>\$ 546,195</u>
FUND BALANCE:				
Beginning of year			<u>16,031,600</u>	
End of year			<u>\$ 15,727,795</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 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.45466%	0.45840%	0.46027%	0.46219%	0.45848%
Reporting Unit's proportionate share of net pension liability	\$ 136,679,364	\$ 118,791,816	\$ 114,833,132	\$ 112,891,123	\$ 100,986,711
Reporting Unit's covered-employee payroll	\$ 36,794,433	\$ 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	371.47%	307.39%	295.97%	292.50%	257.70%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	62.36%	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)

	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 11,697,607	\$ 11,766,432	\$ 10,335,560	\$ 9,810,891	\$ 8,086,710
Contributions in relation to statutorily required contributions	11,697,607	11,766,432	10,335,560	9,810,891	8,086,710
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll	\$ 38,665,365	\$ 38,146,494	\$ 37,878,158	\$ 38,800,553	\$ 38,388,804
Contributions as a percentage of covered-employee payroll	30.25%	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>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.45128%	0.45772%
Reporting Unit's proportionate share of net OPEB liability	\$ 35,872,101	\$ 40,533,595
Reporting Unit's covered-employee payroll	\$ 36,794,433	\$ 38,644,745
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	97.49%	104.89%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	42.95%	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>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 3,204,538	\$ 3,729,757
Contributions in relation to statutorily required contributions	<u>3,204,538</u>	<u>3,729,757</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 38,665,365	\$ 38,146,494
Contributions as a percentage of covered-employee payroll	8.29%	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, 2019**

Pension Information

Benefit changes - there were no changes of benefit terms in 2018.

Changes of assumptions - the assumption changes for 2018 were:

Wage inflation rate decreased to 2.75% from 3.50%.

Discount rate for MIP and Basic plans decreased to 7.05% from 7.50%.

Projected salary increases decreased to 2.75%-11.55%, including wage inflation at 2.75% from 3.50%-12.30%, including wage inflation of 3.50%.

Mortality assumptions were updated to the RP-2014 Male and Female Healthy Annuitant table from the RP-2000 Combined Healthy Life Mortality table.

OPEB Information

Benefit changes - there were no changes of benefit terms in 2018.

Changes of assumptions - the assumption changes for 2018 were:

Wage inflation rate decreased to 2.75% from 3.50%.

Discount rate for decreased to 7.15% from 7.50%.

Projected salary increases decreased to 2.75%-11.55%, including wage inflation at 2.75% from 3.50%-12.30%, including wage inflation of 3.50%.

Healthcare cost trend rate decreased to 7.50% Year 1 graded to 3.00% Year 12 from 7.50% Year 1 graded to 3.50% Year 12.

Mortality assumptions were updated to the RP-2014 Male and Female Healthy Annuitant table from the RP-2000 Combined Healthy Life Mortality table.

ADDITIONAL SUPPLEMENTARY INFORMATION

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2019**

	<u>Special revenue</u>		<u>Nonmajor capital projects</u>	<u>Total nonmajor funds</u>
ASSETS	<u>Food service</u>	<u>Debt service</u>		
ASSETS:				
Cash and cash equivalents	\$ 758,196	\$ 1,816,810	\$ 642,249	\$ 3,217,255
Investments	263,164	-	1,079,142	1,342,306
Accounts receivable	2,211	239	5,502	7,952
Property taxes receivable	-	20	1,824	1,844
Intergovernmental receivable	100,302	-	-	100,302
Due from other funds	4,656	-	94,567	99,223
Inventories	18,727	-	-	18,727
Prepays	23,862	-	-	23,862
TOTAL ASSETS	<u><u>\$ 1,171,118</u></u>	<u><u>\$ 1,817,069</u></u>	<u><u>\$ 1,823,284</u></u>	<u><u>\$ 4,811,471</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 20,015	\$ -	\$ 45,366	\$ 65,381
Accrued salaries and related items	8,884	-	-	8,884
Accrued retirement	872	-	-	872
Due to other funds	-	-	11,013	11,013
Due to fiduciary fund	250	-	-	250
Unearned revenue	47,107	-	1,371	48,478
TOTAL LIABILITIES	<u>77,128</u>	<u>-</u>	<u>57,750</u>	<u>134,878</u>
FUND BALANCES:				
Nonspendable:				
Prepays	23,862	-	-	23,862
Restricted	1,070,128	1,817,069	435,907	3,323,104
Assigned:				
Capital projects	-	-	1,329,627	1,329,627
TOTAL FUND BALANCES	<u>1,093,990</u>	<u>1,817,069</u>	<u>1,765,534</u>	<u>4,676,593</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,171,118</u></u>	<u><u>\$ 1,817,069</u></u>	<u><u>\$ 1,823,284</u></u>	<u><u>\$ 4,811,471</u></u>

WEST OTTAWA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2019

	Special revenue		Nonmajor capital projects	Total nonmajor funds
	Food service	Debt service		
REVENUES:				
Local sources:				
Property taxes	\$ -	\$ 16,566,276	\$ 626,633	\$ 17,192,909
Investment earnings	10,819	131,806	29,534	172,159
Food sales	1,030,557	-	-	1,030,557
Other	140,198	-	370,136	510,334
Total local sources	1,181,574	16,698,082	1,026,303	18,905,959
State sources	166,570	533,662	26,289	726,521
Federal sources	2,748,904	-	-	2,748,904
Total revenues	4,097,048	17,231,744	1,052,592	22,381,384
EXPENDITURES:				
Current:				
Food service activities	3,643,941	-	-	3,643,941
Capital outlay	187,189	-	1,541,316	1,728,505
Debt service:				
Principal repayment	-	7,603,957	-	7,603,957
Interest	-	9,790,554	-	9,790,554
Other	-	3,000	-	3,000
Total expenditures	3,831,130	17,397,511	1,541,316	22,769,957
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	265,918	(165,767)	(488,724)	(388,573)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	12,418	-	-	12,418
Transfers in	-	81,229	-	81,229
Transfers out	(175,000)	(81,229)	-	(256,229)
Total other financing uses	(162,582)	-	-	(162,582)
NET CHANGE IN FUND BALANCES	103,336	(165,767)	(488,724)	(551,155)
FUND BALANCES:				
Beginning of year	990,654	1,982,836	2,254,258	5,227,748
End of year	\$ 1,093,990	\$ 1,817,069	\$ 1,765,534	\$ 4,676,593

WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2019

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
REVENUES:				
Local sources	\$ 1,200,000	\$ 1,165,000	\$ 1,181,574	\$ 16,574
State sources	170,000	165,000	166,570	1,570
Federal sources	2,700,000	2,710,000	2,748,904	38,904
Incoming transfers and other	-	12,000	12,418	418
Total revenues	<u>4,070,000</u>	<u>4,052,000</u>	<u>4,109,466</u>	<u>57,466</u>
EXPENDITURES:				
Current:				
General administration	3,000	3,000	3,000	-
Food service activities and capital outlay	<u>3,892,000</u>	<u>3,844,000</u>	<u>3,828,130</u>	<u>15,870</u>
Total expenditures	<u>3,895,000</u>	<u>3,847,000</u>	<u>3,831,130</u>	<u>15,870</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>175,000</u>	<u>205,000</u>	<u>278,336</u>	<u>73,336</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(175,000)</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 30,000</u>	<u>103,336</u>	<u>\$ 73,336</u>
FUND BALANCE:				
Beginning of year			<u>990,654</u>	
End of year			<u>\$ 1,093,990</u>	

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2019**

	<u>1992</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>2018</u>	<u>Total debt service</u>
ASSETS									
ASSETS:									
Cash and cash equivalents	\$ 589,321	\$ 175,473	\$ 215,734	\$ 312,096	\$ 69,362	\$ 125,356	\$ 93,060	\$ 236,408	\$ 1,816,810
Accounts receivable	-	239	-	-	-	-	-	-	239
Property taxes receivable	8	1	2	4	-	-	1	4	20
TOTAL ASSETS	<u>\$ 589,329</u>	<u>\$ 175,713</u>	<u>\$ 215,736</u>	<u>\$ 312,100</u>	<u>\$ 69,362</u>	<u>\$ 125,356</u>	<u>\$ 93,061</u>	<u>\$ 236,412</u>	<u>\$ 1,817,069</u>
FUND BALANCES:									
Restricted for debt service	589,329	175,713	215,736	312,100	69,362	125,356	93,061	236,412	1,817,069
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 589,329</u>	<u>\$ 175,713</u>	<u>\$ 215,736</u>	<u>\$ 312,100</u>	<u>\$ 69,362</u>	<u>\$ 125,356</u>	<u>\$ 93,061</u>	<u>\$ 236,412</u>	<u>\$ 1,817,069</u>

WEST OTTAWA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	1992	2008 Refunding	2012A Refunding	2012B Refunding	2014	2015 Refunding	2016 Refunding	2017 Refunding	2018	Total debt service
REVENUES:										
Local sources:										
Property taxes	\$ 6,305,871	\$ -	\$ 983,290	\$ 1,987,954	\$ 3,462,886	\$ 21,377	\$ 128,256	\$ 641,275	\$ 3,035,367	\$ 16,566,276
Investment earnings	43,827	-	6,827	13,842	42,483	191	862	4,344	19,430	131,806
State sources	264,144	-	41,189	83,273	145,056	-	-	-	-	533,662
Total revenues	6,613,842	-	1,031,306	2,085,069	3,650,425	21,568	129,118	645,619	3,054,797	17,231,744
EXPENDITURES:										
Principal repayment	1,268,957	-	-	2,040,000	2,025,000	-	-	-	2,270,000	7,603,957
Interest	5,506,043	-	1,096,663	153,600	1,728,438	110,400	96,584	556,200	542,626	9,790,554
Other	250	-	250	250	250	500	500	500	500	3,000
Total expenditures	6,775,250	-	1,096,913	2,193,850	3,753,688	110,900	97,084	556,700	2,813,126	17,397,511
EXCESS (DEFICIENCY) OF REVENUES										
OVER (UNDER) EXPENDITURES	(161,408)	-	(65,607)	(108,781)	(103,263)	(89,332)	32,034	88,919	241,671	(165,767)
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	24,884	-	-	442	57,103	(1,200)	-	81,229
Transfers out	(10,007)	(57,291)	-	(3,171)	(5,501)	-	-	-	(5,259)	(81,229)
Total other financing sources (uses)	(10,007)	(57,291)	24,884	(3,171)	(5,501)	442	57,103	(1,200)	(5,259)	-
NET CHANGE IN FUND BALANCES	(171,415)	(57,291)	(40,723)	(111,952)	(108,764)	(88,890)	89,137	87,719	236,412	(165,767)
FUND BALANCES:										
Beginning of year	760,744	57,291	216,436	327,688	420,864	158,252	36,219	5,342	-	1,982,836
End of year	\$ 589,329	\$ -	\$ 175,713	\$ 215,736	\$ 312,100	\$ 69,362	\$ 125,356	\$ 93,061	\$ 236,412	\$ 1,817,069

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total nonmajor capital projects</u>
ASSETS			
ASSETS:			
Cash and cash equivalents	\$ 473,911	\$ 168,338	\$ 642,249
Investments	-	1,079,142	1,079,142
Accounts receivable	-	5,502	5,502
Due from other funds	-	94,567	94,567
Property taxes receivable	1,824	-	1,824
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 475,735</u>	<u>\$ 1,347,549</u>	<u>\$ 1,823,284</u>
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 39,828	\$ 5,538	\$ 45,366
Due to other funds	-	11,013	11,013
Unearned revenue	-	1,371	1,371
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>39,828</u>	<u>17,922</u>	<u>57,750</u>
	<hr/>	<hr/>	<hr/>
FUND BALANCES:			
Restricted	435,907	-	435,907
Capital projects	-	1,329,627	1,329,627
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>435,907</u>	<u>1,329,627</u>	<u>1,765,534</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 475,735</u>	<u>\$ 1,347,549</u>	<u>\$ 1,823,284</u>
	<hr/>	<hr/>	<hr/>

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Sinking fund</u>	<u>Building transfer</u>	<u>Total nonmajor capital projects</u>
REVENUES:			
Property taxes	\$ 626,633	\$ -	\$ 626,633
Investment earnings	9,597	19,937	29,534
State sources	26,289	-	26,289
Other	-	370,136	370,136
	<u>662,519</u>	<u>390,073</u>	<u>1,052,592</u>
Total revenues			
	<u>662,519</u>	<u>390,073</u>	<u>1,052,592</u>
EXPENDITURES:			
Capital outlay	<u>1,535,777</u>	<u>5,539</u>	<u>1,541,316</u>
EXCESS OF REVENUES OVER EXPENDITURES	(873,258)	384,534	(488,724)
FUND BALANCES:			
Beginning of year	<u>1,309,165</u>	<u>945,093</u>	<u>2,254,258</u>
End of year	<u>\$ 435,907</u>	<u>\$ 1,329,627</u>	<u>\$ 1,765,534</u>

WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
SINKING FUND
YEAR ENDED JUNE 30, 2019

	<u>Original / final budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
REVENUES:				
Local sources	<u>\$ 620,000</u>	<u>\$ 650,000</u>	<u>\$ 662,519</u>	<u>\$ 12,519</u>
EXPENDITURES:				
Current:				
Capital outlay	<u>1,830,000</u>	<u>1,500,000</u>	<u>1,535,777</u>	<u>(35,777)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,210,000)</u>	<u>(850,000)</u>	<u>(873,258)</u>	<u>(23,258)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,210,000)</u></u>	<u><u>\$ (850,000)</u></u>	<u>(873,258)</u>	<u><u>\$ (23,258)</u></u>
FUND BALANCE:				
Beginning of year			<u>1,309,165</u>	
End of year			<u><u>\$ 435,907</u></u>	

WEST OTTAWA PUBLIC SCHOOLS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2019

	Balance			Balance
	July 1, 2018	Additions	Deductions	June 30, 2019
ASSETS:				
Cash	\$ 1,075,610	\$ 3,270,842	\$ 3,502,911	\$ 843,541
Investments	432,323	855,331	361,801	925,853
Accounts receivable	16,880	61,909	74,888	3,901
TOTAL ASSETS	\$ 1,524,813	\$ 4,188,082	\$ 3,939,600	\$ 1,773,295
LIABILITIES:				
Accounts payable	\$ 3,389	\$ 2,410,402	\$ 2,391,277	\$ 22,514
Due to other funds	30,218	90,597	120,815	-
Accrued payroll and related items	1,830	-	1,830	-
Accrued retirement	430	-	430	-
Due to student and other groups	1,488,946	2,784,244	2,522,409	1,750,781
TOTAL LIABILITIES	\$ 1,524,813	\$ 5,285,243	\$ 5,036,761	\$ 1,773,295

**WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2019**

1992 Refunding Bonds

<u>June 30,</u>	<u>Interest rate</u>	<u>Principal due May 1,</u>	<u>Interest due</u>		<u>Total due annually</u>
			<u>May 1</u>	<u>November 1</u>	
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><u>\$ 1,286,416</u></u>	<u><u>\$ 6,028,583</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,314,999</u></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, 2019**

2012 Series A Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 3,678,410</u>	<u>\$ 3,678,410</u>	<u>\$ 30,886,820</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, 2019**

2012 Series B Refunding Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2020	3.00%	\$ 1,720,000	\$ 25,800	\$ 25,800	\$ 1,771,600
Total 2012 Series B bonded debt		<u>\$ 1,720,000</u>	<u>\$ 25,800</u>	<u>\$ 25,800</u>	<u>\$ 1,771,600</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, 2019

2014 Building and Site Bonds

June 30,	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 35,600,000</u>	<u>\$ 8,289,593</u>	<u>\$ 8,289,597</u>	<u>\$ 52,179,190</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, 2019

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>	
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>\$ 105,600</u>	<u>\$ 105,600</u>	<u>\$ 3,891,200</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, 2019**

2016 Refunding Bonds

June 30,	Interest rate	Principal due November 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 160,256</u>	<u>\$ 208,548</u>	<u>\$ 6,083,804</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, 2019

2017 Refunding Bonds

June 30,	Interest rate	Principal due November 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 1,819,725</u>	<u>\$ 2,097,825</u>	<u>\$ 16,752,550</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, 2019**

2018 Building and Site Bonds

June 30,	Interest rate	Principal due November 1,	Interest due		Total due annually
			May 1	November 1	
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>\$ 11,525,000</u>	<u>\$ 2,078,750</u>	<u>\$ 2,346,500</u>	<u>\$ 15,950,250</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.

WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2019

2019 Building and Site Bonds

June 30,	Interest rate	Principal due November 1,	Interest due		Total due annually
			May 1	November 1	
2020	4.00%	\$ -	\$ 515,100	\$ 377,740	\$ 892,840
2021	4.00%	4,400,000	515,100	515,100	5,430,200
2022	4.00%	460,000	427,100	427,100	1,314,200
2023	4.00%	480,000	417,900	417,900	1,315,800
2024	4.00%	485,000	408,300	408,300	1,301,600
2025	4.00%	490,000	398,600	398,600	1,287,200
2026	4.00%	515,000	388,800	388,800	1,292,600
2027	4.00%	540,000	378,500	378,500	1,297,000
2028	4.00%	560,000	367,700	367,700	1,295,400
2029	5.00%	565,000	356,500	356,500	1,278,000
2030	5.00%	565,000	342,375	342,375	1,249,750
2031	5.00%	565,000	328,250	328,250	1,221,500
2032	5.00%	565,000	314,125	314,125	1,193,250
2033	5.00%	1,000,000	300,000	300,000	1,600,000
2034	5.00%	1,000,000	275,000	275,000	1,550,000
2035	5.00%	1,000,000	250,000	250,000	1,500,000
2036	5.00%	1,000,000	225,000	225,000	1,450,000
2037	5.00%	1,000,000	200,000	200,000	1,400,000
2038	5.00%	1,000,000	175,000	175,000	1,350,000
2039	5.00%	1,000,000	150,000	150,000	1,300,000
2040	5.00%	1,000,000	125,000	125,000	1,250,000
2041	5.00%	1,000,000	100,000	100,000	1,200,000
2042	5.00%	1,000,000	75,000	75,000	1,150,000
2043	5.00%	1,000,000	50,000	50,000	1,100,000
2044	5.00%	1,000,000	25,000	25,000	1,050,000
Total 2019 bonded debt		<u>\$ 22,190,000</u>	<u>\$ 7,108,350</u>	<u>\$ 6,970,990</u>	<u>\$ 36,269,340</u>

The above bonds dated May 7, 2019 were issued for the purpose of school building and site. The amount of the original bond issue was \$21,190,000.

**WEST OTTAWA PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION OVERVIEW
2018 - 2019**

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
2010 - 2019

<i>Year ended June 30,</i>	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities				
Net investment in capital assets	\$ 3,327,156	\$ 5,870,709	\$ 10,876,764	\$ 14,641,571
Restricted	740,805	913,636	1,492,434	2,241,731
Unrestricted	15,175,862	16,038,850	12,030,077	12,206,291
Total Primary Government Net Position	\$ 19,243,823	\$ 22,823,195	\$ 24,399,275	\$ 29,089,593

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

² 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
2010 - 2019

Fiscal Year					
2014	2015 ¹	2016	2017	2018 ²	2019
\$ 21,202,608	\$ 28,235,005	\$ 34,551,245	\$ 42,699,323	\$ 50,772,203	\$ 65,795,204
2,250,471	1,111,022	1,252,900	462,650	1,660,242	453,808
13,312,827	(86,077,638)	(86,417,225)	(84,840,964)	(126,463,911)	(129,519,145)
\$ 36,765,906	\$ (56,731,611)	\$ (50,613,080)	\$ (41,678,991)	\$ (74,031,466)	\$ (63,270,133)

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Expenses, Program Revenues and Net Expense
2010 - 2019

<i>Year ended June 30,</i>	Fiscal Year			
	2010	2011	2012 ¹	2013 ¹
Expenses				
Governmental Activities				
Instruction	\$ 44,981,418	\$ 45,282,922	\$ 45,638,324	\$ 45,071,399
Support services	21,859,267	22,800,189	21,896,188	20,657,796
Community services	42,488	33,623	877,845	332,842
Food services	2,898,720	3,026,866	3,309,239	3,302,496
Athletics	1,215,651	979,095	-	-
Child care	415,474	442,618	-	-
Outgoing transfers and other	-	-	6,738	3,042
Interest on long-term debt	6,893,207	6,716,136	6,333,589	6,048,141
Unallocated depreciation	4,457,035	4,420,723	4,040,523	4,140,117
Loss on disposition of assets	-	776	-	-
Total Expenses	82,763,260	83,702,948	82,102,446	79,555,833
Program Revenues				
Governmental Activities				
Charges for services:				
Instruction	-	-	-	-
Support services	832,792	1,324,113	511,520	419,388
Community services	-	-	472,395	29,947
Food services	1,147,589	1,113,724	1,136,823	1,045,313
Athletics	102,057	-	-	-
Child care services	381,007	442,617	-	-
Operating grants and contributions	19,843,075	20,084,722	10,457,728	11,879,532
Total Program Revenues	22,306,520	22,965,176	12,578,466	13,374,180
Net Expense	\$ (60,456,740)	\$ (60,737,772)	\$ (69,523,980)	\$ (66,181,653)

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

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Expenses, Program Revenues and Net Expense
2010 - 2019

Fiscal Year					
2014 ¹	2015 ¹	2016 ¹	2017 ¹	2018 ¹	2019 ¹
\$ 45,505,240	\$ 46,521,013	\$ 48,231,758	\$ 49,124,124	\$ 51,831,632	\$ 51,468,755
20,114,506	19,682,129	20,069,557	19,777,059	21,253,780	22,159,225
318,932	316,322	300,021	271,776	288,892	262,576
3,308,115	3,534,078	3,489,817	3,864,801	3,745,830	3,778,367
-	-	-	-	-	-
-	-	-	-	-	-
1,639	4,150	3,225	-	-	-
5,710,959	6,306,720	5,396,764	5,225,389	4,713,177	4,707,960
3,633,795	3,980,048	3,918,569	4,457,804	4,037,812	3,738,642
-	-	-	-	-	-
78,593,186	80,344,460	81,409,711	82,720,953	85,871,123	86,115,525
-	82,374	34,882	109,019	103,051	104,598
204,213	59,039	119,605	130,975	134,694	96,387
-	-	-	-	-	-
1,085,180	1,046,469	1,030,297	1,170,296	1,120,049	1,183,173
-	-	-	-	-	-
-	-	-	-	-	-
13,142,471	13,853,104	13,200,958	17,038,196	18,719,153	18,569,936
14,431,864	15,040,986	14,385,742	18,448,486	20,076,947	19,954,094
\$ (64,161,322)	\$ (65,303,474)	\$ (67,023,969)	\$ (64,272,467)	\$ (65,794,176)	\$ (66,161,431)

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
General Revenues and Total Change in Net Position
2010 - 2019

<i>Year ended June 30,</i>	Fiscal Year			
	2010	2011	2012	2013 ¹
Net Expense	\$ (60,456,740)	\$ (60,737,772)	\$ (69,523,980)	\$ (66,181,653)
General Revenues				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	12,601,987	11,402,935	10,677,549	10,564,165
Property taxes levied for debt service	12,519,883	12,437,028	12,848,930	14,239,656
Property taxes levied for repair & improvement	603,734	568,587	550,079	549,866
State sources	38,434,701	39,871,772	40,119,866	40,510,276
Intermediate sources	-	-	6,484,970	5,501,414
Unrestricted federal sources	-	-	128,606	-
Interest and investment earnings	62,786	36,822	23,231	42,596
Miscellaneous	-	-	266,829	229,134
Total General Revenues	64,223,091	64,317,144	71,100,060	71,637,107
Change in Net Position	3,766,351	3,579,372	1,576,080	5,455,454
Prior period adjustment or restatement	-	-	-	(765,136)
Net Position- Beginning of Year	15,477,472	19,243,823	22,823,195	24,399,275
Net Position- End of Year	\$ 19,243,823	\$ 22,823,195	\$ 24,399,275	\$ 29,089,593

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

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

³ 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
2010 - 2019

Fiscal Year					
2014	2015 ²	2016	2017	2018 ³	2019
\$ (64,161,322) \$	(65,303,474) \$	(67,023,969) \$	(64,272,467) \$	(65,794,176) \$	(66,161,431)
10,534,974	10,841,989	11,228,825	11,519,032	11,782,053	12,177,760
14,532,941	14,976,832	15,519,729	15,292,320	15,827,830	16,566,276
561,406	578,595	598,985	587,702	604,000	626,633
40,102,845	40,899,930	39,589,543	39,447,322	321,171	956,133
5,621,831	5,195,761	5,084,906	5,548,347	39,676,076	40,917,323
-	-	-	-	-	-
43,930	542,258	354,031	268,130	5,424,135	5,196,732
439,708	350,297	766,481	543,703	546,823	481,907
71,837,635	73,385,662	73,142,500	73,206,556	74,182,088	76,922,764
7,676,313	8,082,188	6,118,531	8,934,089	8,387,912	10,761,333
-	(101,579,705)	-	-	(40,740,387)	-
29,089,593	36,765,906	(56,731,611)	(50,613,080)	(41,678,991)	(74,031,466)
\$ 36,765,906 \$	(56,731,611) \$	(50,613,080) \$	(41,678,991) \$	(74,031,466) \$	(63,270,133)

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Fund Balances - Governmental Funds
2010 - 2019

<i>Year ended June 30,</i>	Fiscal Year			
	2010	2011 ¹	2012 ¹	2013 ¹
General Fund				
Reserved	\$ 82,558	\$ -	\$ -	-
Unreserved	13,058,062	-	-	-
Nonspendable	-	151,220	60,958	40,886
Assigned	-	-	3,389,000	1,606,000
Unassigned	-	14,090,448	8,178,206	9,715,816
Total General Fund	13,140,620	14,241,668	11,628,164	11,362,702
All Other Governmental Funds				
Reserved	34,169	-	-	-
Unreserved, reported in:				
Debt service fund	1,492,132	-	-	-
Capital projects fund	933,285	-	-	-
Special revenue fund	1,151,041	-	-	-
Nonspendable	-	41,442	48,052	18,284
Restricted for capital projects	-	564,768	217,452	395,948
Restricted for debt service	-	1,067,642	898,062	1,478,770
Restricted for food service	-	1,159,201	1,057,791	897,154
Restricted for child care	-	71,039	8,397	-
Assigned	-	308,660	478,298	1,000,636
Total All Other Governmental Funds	3,610,627	3,212,752	2,708,052	3,790,792
Total Fund Balances	\$ 16,751,247	\$ 17,454,420	\$ 14,336,216	\$ 15,153,494

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

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Fund Balances - Governmental Funds
2010 - 2019

Fiscal Year					
2014 ¹	2015 ¹	2016 ¹	2017 ¹	2018 ¹	2019 ¹
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
206,354	39,794	45,425	115,131	125,504	120,887
296,000	1,410,000	1,290,000	-	-	700,000
11,745,876	11,823,540	11,916,028	14,830,562	15,906,096	14,906,908
12,248,230	13,273,334	13,251,453	14,945,693	16,031,600	15,727,795
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
40,464	33,545	24,651	41,590	17,083	23,862
46,594,256	45,171,998	36,226,730	17,163,082	24,232,785	43,904,226
2,017,266	1,092,934	1,618,110	1,389,622	1,982,836	1,817,069
1,101,611	991,434	1,019,572	819,499	973,571	1,070,128
-	-	-	-	-	-
1,196,468	1,542,944	2,608,419	3,478,105	945,093	1,329,627
50,950,065	48,832,855	41,497,482	22,891,898	28,151,368	48,144,912
\$ 63,198,295	\$ 62,106,189	\$ 54,748,935	\$ 37,837,591	\$ 44,182,968	\$ 63,872,707

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Governmental Funds Revenues
2010 - 2019

<i>Year ended June 30,</i>	Fiscal Year			
	2010	2011 ¹	2012 ¹	2013 ¹
Revenues				
Federal Sources				
Federal grants	\$ 6,609,890	\$ 6,814,102	\$ 3,517,192	\$ 3,053,173
Food service fund	2,021,008	2,148,222	2,192,108	2,425,094
Total federal sources	8,630,898	8,962,324	5,709,300	5,478,267
State Sources				
Restricted	4,748,114	4,528,252	5,032,571	6,482,987
Unrestricted	38,434,701	39,871,772	40,119,866	40,510,276
Total state sources	43,182,815	44,400,024	45,152,437	46,993,263
Other Governmental Units				
Ottawa Area ISD and other districts	6,800,858	7,046,040	6,512,865	5,501,414
Miscellaneous	-	-	-	-
Total other governmental units	6,800,858	7,046,040	6,512,865	5,501,414
Local Sources				
Property taxes	25,729,239	24,419,628	24,086,820	25,353,687
Food service fund	1,144,447	1,105,562	1,582,488	1,071,682
Athletic fund	102,057	-	-	-
Child care fund	381,007	442,617	-	-
Interest and other income	62,786	36,823	18,231	42,596
Miscellaneous	497,689	644,572	782,184	569,343
Total local sources	27,917,225	26,649,202	26,469,723	27,037,308
Total Revenues	\$ 86,531,796	\$ 87,057,590	\$ 83,844,325	\$ 85,010,252

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

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Governmental Funds Revenues
2010 - 2019

Fiscal Year					
2014 ¹	2015 ¹	2016 ¹	2017 ¹	2018 ¹	2019 ¹
\$ 2,950,098	\$ 2,728,324	\$ 3,009,257	\$ 2,848,826	\$ 2,700,591	\$ 3,081,656
2,476,803	2,646,955	2,776,066	2,787,516	2,702,355	2,748,904
5,426,901	5,375,279	5,785,323	5,636,342	5,402,946	5,830,560
7,715,570	8,477,825	10,487,460	11,849,137	13,172,346	13,012,964
40,102,845	40,899,930	39,589,543	39,447,322	39,676,076	40,917,323
47,818,415	49,377,755	50,077,003	51,296,459	52,848,422	53,930,287
5,624,904	5,195,761	5,302,526	5,633,943	5,424,135	5,196,732
-	-	7,352	29,425	25,190	83,061
5,624,904	5,195,761	5,309,878	5,663,368	5,449,325	5,279,793
25,629,321	26,393,704	27,347,539	27,399,054	28,213,883	29,370,669
1,049,624	1,027,290	1,022,345	1,140,209	1,080,728	1,030,557
-	-	-	-	-	-
-	-	-	-	-	-
40,576	484,416	354,031	268,130	321,171	956,133
649,554	622,934	935,948	710,348	884,227	740,028
27,369,075	28,528,344	29,659,863	29,517,741	30,500,009	32,097,387
\$ 86,239,295	\$ 88,477,139	\$ 90,832,067	\$ 92,113,910	\$ 94,200,702	\$ 97,138,027

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Governmental Funds Expenditures and Debt Service Ratio
2010 - 2019

<i>Year ended June 30,</i>	Fiscal Year			
	2010	2011 ¹	2012 ¹	2013 ¹
Expenditures				
Instruction	\$ 44,970,221	\$ 45,282,922	\$ 45,663,725	\$ 45,041,645
Pupil support services	3,111,378	3,422,480	3,173,393	3,522,959
Instructional support services	2,279,272	3,102,790	2,155,466	1,738,073
General administration	474,215	504,355	483,323	420,083
School administration	3,844,542	3,941,152	4,036,416	3,732,852
Business services	831,038	747,092	733,471	596,879
Operations and maintenance	6,544,532	6,352,968	5,911,210	5,434,338
Pupil transportation services	2,746,996	3,036,915	4,051,102	3,239,750
Central support services	1,570,637	1,423,447	1,420,056	1,514,610
Other support services	-	979,095	1,145,113	1,134,074
Community services	29,242	33,623	342,769	294,478
Food service	2,726,874	3,026,866	3,309,241	3,357,104
Athletics	1,246,419	-	-	-
Special education	-	-	-	-
Child care	466,707	442,618	535,076	38,364
Repair and improvement	744	-	-	-
Capital outlay	1,254,580	872,234	977,788	402,899
Debt service				
Principal	7,540,000	6,150,473	6,155,907	7,486,519
Interest and other	5,138,150	6,730,228	6,868,473	7,245,549
Total Expenditures	\$ 84,775,547	\$ 86,049,258	\$ 86,962,529	\$ 85,200,176
Debt Service as a Percentage of				
Noncapital Expenditures	15.2%	15.1%	15.1%	17.4%

¹ Athletic expenditures are recorded in Other Support Services due to the implementation of GASB 54 in 2011.

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Governmental Funds Expenditures and Debt Service Ratio
2010 - 2019

Fiscal Year																	
2014 ¹			2015 ¹			2016 ¹			2017 ¹			2018 ¹			2019 ¹		
\$	45,585,350	\$	46,734,889	\$	48,351,220	\$	48,737,298	\$	49,227,253	\$	49,305,510						
	3,364,906		3,608,641		3,610,729		3,714,878		3,869,853		4,024,272						
	2,014,383		2,473,457		2,681,827		2,425,123		2,509,976		2,999,980						
	449,041		449,215		517,412		538,696		599,846		804,495						
	3,467,188		3,383,404		3,292,150		3,279,984		3,419,486		3,694,359						
	579,158		551,582		619,535		579,649		613,449		648,581						
	5,500,296		5,174,966		5,451,672		5,245,591		5,791,705		6,474,669						
	2,483,522		2,478,460		2,388,738		2,409,560		2,499,977		2,721,551						
	1,339,048		1,094,908		912,834		909,015		1,179,456		1,099,088						
	1,254,638		1,160,287		1,314,558		1,121,906		1,234,993		1,329,613						
	318,932		316,322		300,021		271,776		288,892		262,576						
	3,314,534		3,551,991		3,500,560		3,855,129		3,742,606		3,643,941						
	-		-		-		-		-		-						
	-		-		-		-		-		-						
	-		-		-		-		-		-						
	-		-		-		-		-		-						
	844,711		2,572,792		9,519,456		18,648,593		11,997,640		8,944,181						
	7,576,096		6,807,728		6,478,522		6,607,650		6,656,750		7,603,957						
	6,629,509		8,169,220		8,732,097		9,393,359		9,431,288		9,981,873						
\$	84,721,312	\$	88,527,862	\$	97,671,331	\$	107,738,207	\$	103,063,170	\$	103,538,646						
	16.9%		17.4%		17.3%		18.2%		17.2%		18.7%						

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Other Financing Sources (Uses) and Net Change
in Fund Balances, Governmental Funds
2010 - 2019

<i>Year ended June 30,</i>	Fiscal Year			
	2010	2011	2012	2013
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 533,103	\$ 1,008,332	\$ (3,118,204)	\$ (189,924)
Other Financing Sources (Uses)				
Issuance of bonds	-	-	-	62,895,000
Refunding bonds issued	-	-	-	-
Cost of bond issuance	-	-	-	-
Premium on bonds issued	-	-	-	4,907,100
Payment to escrow agent	-	-	-	(66,751,890)
Proceeds from sale of capital assets	-	-	-	-
Borrowings on capital lease obligation	579,052	-	-	-
Bus lease payments	(307,964)	(305,159)	-	-
Transfers in	1,358,636	219,223	580,204	968,954
Transfers out	(1,358,636)	(219,223)	(580,204)	(968,954)
Other	-	-	-	(43,008)
Total Other Financing Sources (Uses)	271,088	(305,159)	-	1,007,202
Net Change in Fund Balances	\$ 804,191	\$ 703,173	\$ (3,118,204)	\$ 817,278

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Financial Trends
Other Financing Sources (Uses) and Net Change
in Fund Balances, Governmental Funds
2010 - 2019

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,517,983	\$ (50,723)	\$ (6,839,264)	\$ (16,906,140)	\$ (8,862,468)	\$ (6,400,619)
42,500,000	-	-	-	13,795,000	22,190,000
-	6,580,000	-	5,715,000	12,835,000	-
-	-	-	-	-	-
4,025,736	469,680	-	-	3,180,184	3,887,940
-	(8,001,140)	-	(5,673,744)	(14,611,442)	-
30,204	7,049	-	-	9,103	12,418
-	-	-	-	-	-
-	-	-	-	-	-
235,258	1,704,831	216,282	1,788,900	407,918	256,229
(235,258)	(1,704,831)	(216,282)	(1,788,900)	(407,918)	(256,229)
(29,122)	(96,972)	(517,990)	(1,328,303)	-	-
46,526,818	(1,041,383)	(517,990)	(1,287,047)	15,207,845	26,090,358
\$ 48,044,801	\$ (1,092,106)	\$ (7,357,254)	\$ (18,193,187)	\$ 6,345,377	\$ 19,689,739

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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 2009-2010 through 2018-2019
(rate per \$1,000 of assessed value)

<i>Tax Year</i>	Fiscal Year	Estimated Market Value	State Equalized Value
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
2018	2018-19	5,219,855,000	2,609,927,500

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Taxable Value and Actual Value of Taxable Property
Fiscal Years 2009-2010 through 2018-2019
(rate per \$1,000 of assessed value)

Taxable Value			District Tax Rates			
Non-Homestead Property	Homestead Property	Total	Operating	Debt	Other	Total
\$ 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
744,396,433	1,361,603,774	2,106,000,207	18.0000	7.7500	0.2936	26.0436

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Direct and Overlapping Property Tax Rates
Fiscal Years 2009-2010 through 2018-2019
(rate per \$1,000 of assessed value)

District Tax Rates

<i>Tax Year</i>	Fiscal Year	Operating	Debt	Other	Total
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
2018	2018-19	18.0000	7.7500	0.2936	26.0436

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 2009-2010 through 2018-2019
(rate per \$1,000 of assessed value)

Overlapping Rates

Port Sheldon Township	Holland Township	Park Township	Olive Township
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
1.4488	4.8600	3.0171	4.9366

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

<i>Year ended December 31,</i>			2018		
Taxpayer	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
Request Foods	\$ 15,959,512	1	0.76%	\$ 1,304,400	\$ 17,263,912
Consumers Energy Co.	12,083,270	2	0.57%	-	12,083,270
Grandquest Realty LLC	9,322,969	3	0.44%	-	9,322,969
Perrigo Michigan Holland	4,625,215	4	0.22%	4,590,240	9,215,455
CW Clearview LLC	7,273,230	5	0.35%	-	7,273,230
Occidental Development LTD	5,581,669	6	0.27%	-	5,581,669
Westshore Mall Investors LLC	4,975,927	7	0.24%	-	4,975,927
D F G Felch Street LLC	4,842,497	8	0.23%	-	4,842,497
Holland Medical Properties LLC	4,829,299	9	0.23%	-	4,829,299
J L M Holland LLC	4,724,282	10	0.22%	-	4,724,282
Hoover Universal, Inc					
Parke-Davis					
Magna-Donnelly Corp.					
Boars Head Provisions					
Geenen DeKock Prop. LLC					
DRG Clearview LLC					
Lakeshore Campus LLC					
Total principal taxpayers	74,217,870		3.52%	\$ 5,894,640	\$ 80,112,510
Balance of valuations	2,031,782,337		96.48%		
Total Ad Valorem Valuation	\$ 2,106,000,207		100.00%		

*NOTE: District Annual Disclosure

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

2009					
Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value	
\$ 5,840,000	3	0.30%	\$ 8,688,500	\$	14,528,500
7,959,206	8	0.41%	-		7,959,206
6,910,000	9	0.36%	-		6,910,000
-	1	0.00%	19,879,400		19,879,400
14,175,393	2	0.73%	901,400		15,076,793
6,252,200	4	0.32%	4,117,600		10,369,800
4,419,700	5	0.23%	5,919,000		10,338,700
10,074,962	6	0.52%	-		10,074,962
8,762,800	7	0.45%	-		8,762,800
6,524,324	10	0.34%	-		6,524,324
70,918,585		3.66%	\$ 39,505,900	\$	110,424,485
1,880,158,785		96.34%			
\$ 1,951,077,370		100.00%			

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Property Tax Levies and Collections
Fiscal Years 2009-2010 through 2018-2019

<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>
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%
2018	2018-19	12,200,733	12,136,018	99.47%	59,075	12,195,093	99.95%

*NOTE: District Annual Disclosure

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Outstanding Debt by Type
Fiscal Years 2009-2010 through 2018-2019

		General Obligation		Outstanding Debt		Estimated	Net Outstanding	Taxable
<i>Tax Year</i>	Fiscal Year	Bonds	Total Taxable Value	as a % of Taxable	Value	Population ¹	Debt Per Capita	Value Per Capita
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	97,097,123	1,933,033,745	5.02%	51,821	1,874	37,302	
2017	2017-18	103,495,373	2,008,222,986	5.15%	52,569	1,969	38,202	
2018	2018-19	118,081,416	2,106,000,207	5.61%	53,224	2,219	39,569	

¹ 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 2009-2010 through 2018-2019

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>General Obligation Bonds</i>	<i>Less Pledged Debt Retirement Fund Balance</i>	<i>Net General Bonded Debt</i>	<i>State Equalized Value (SEV)</i>	<i>Percent of Net Bonded Debt to State Equalized Value (SEV)</i>	<i>Percent of Bonded Debt to Estimated Actual Value of Taxable Property</i>	<i>Estimated Population ¹</i>	<i>Net General Bonded Debt per Capita</i>
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%	52,569	1,723
2018	2018-19	82,986,416	-	82,986,416	2,609,927,500	3.18%	6.36%	53,224	1,559

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

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Revenue & Debt Capacity
Direct and Overlapping Governmental Activities Debt
as of June 30, 2019

Year ended June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Holland Township	\$ 22,539,155	70.03%	\$ 15,784,170
Olive Township	357,342	44.33%	158,409
Park Township	3,290,779	87.92%	2,893,253
Port Sheldon Township	291,798	40.69%	118,732
Ottawa County	37,686,968	18.53%	6,983,395
Ottawa County ISD	1,250,000	16.31%	203,875
Subtotal, overlapping debt			<u>26,141,834</u>
District Direct Debt			<u>118,081,416</u>
Total Direct and Overlapping Debt			<u>\$ 144,223,250</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 2009-2010 through 2018-2019

Legal Debt Margin Calculation for Fiscal Year 2018-19:

State Equalized Valuation (SEV), July 1, 2017	\$ 2,609,927,500
Statutory Debt Limit (15% of SEV)	391,489,125
Debt applicable to limit	118,081,416

Legal Debt Margin	\$ 273,407,709
--------------------------	-----------------------

<i>Tax Year</i>	<i>Fiscal Year</i>	State Equalized Value (SEV)	Statutory Debt Limit 15% of SEV	Debt Subject to Debt Limit	Legal Debt Margin	Debt as a Percentage of Debt Limit
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	97,097,123	251,009,512	27.89%
2017	2017-18	2,491,999,100	373,799,865	103,495,373	270,304,492	27.69%
2018	2018-19	2,609,927,500	391,489,125	118,081,416	273,407,709	30.16%

DEMOGRAPHIC AND ECONOMIC INFORMATION

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic and Economic Information
Demographic and Economic Statistics
Fiscal Years 2009-2010 through 2018-2019

<i>Tax Year</i>	<i>Fiscal Year</i>	Estimated Population	Unemployment ¹			Inflation Rate ²	Personal Income ³	
			City of Holland and Grand Haven	County of Ottawa	State of Michigan		Total (in thousands)	Per Capita
2008	2008-09	47,643	10.3%	10.3%	8.3%	0.1%	\$ 8,881,362	\$ 33,910
2009	2009-10	47,986	12.1%	12.1%	13.4%	2.7%	8,524,808	32,429
2010	2010-11	48,164	9.4%	9.4%	12.7%	1.5%	8,802,951	33,338
2011	2011-12	48,333	7.5%	7.5%	10.4%	3.0%	9,632,593	36,196
2012	2012-13	48,758	6.8%	6.8%	9.1%	1.7%	10,185,984	37,820
2013	2013-14	49,346	6.0%	6.0%	8.8%	1.5%	10,342,908	37,928
2014	2014-15	50,622	3.9%	3.9%	6.0%	1.6%	10,866,601	39,330
2015	2015-16	51,293	3.0%	3.2%	4.9%	0.1%	11,931,299	42,619
2016	2016-17	51,821	N/A	3.1%	3.8%	1.3%	12,428,750	44,035
2017	2017-18	52,569	N/A	3.1%	4.5%	2.3%	13,252,243	46,275
2018	2018-19	53,224	N/A	3.2%	4.2%	1.8%	N/A	N/A

¹ Federal Reserve Economic Data

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

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

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

<i>Year ended December 31,</i>		2018			2009		
Employer	Type of Business	Employees ¹	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Gentex Corporation	Automotive Mirrors	5,394	1	3.7%	2,298	3	2.1%
Herman Miller	Office Furniture	3,778	2	2.5%	4,206	1	3.1%
Grand Valley State University (3)	Higher Education	3,523	3	2.3%	2,893	4	1.6%
Haworth (2)	Office Furniture	2,220	4	1.4%	1,812	6	1.4%
Holland Hospital	Health Care	2,382	5	1.4%	1,806	5	1.5%
Magna Mirrors (2)	Automotive Mirrors	1,741	6	1.2%	1,227	8	1.1%
YanFeng	Automotive Interior Parts	1,636	7	1.2%			
Shape Corporation	Metal Roll Forming	2,072	8	1.1%	1,274	10	0.9%
Meijer	Retailer	1,412	9	0.8%	1,303	6	1.1%
County of Ottawa	Government		10	0.8%	1,189	9	1.0%
Johnson Controls (2)	Automotive Interior Parts				1,259	2	2.2%
		<u>24,158</u>		<u>16.4%</u>	<u>19,267</u>		<u>16.0%</u>

¹ Excludes temporary employment agencies

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

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

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Demographic and Economic Information
Full-Time-Equivalent District Employees by Type
Fiscal Years 2009-2010 through 2018-2019

Full-Time - Equivalent Employees as of June 30,

Employee Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administrators	25	28	28	29	29	27	29	27	31	33
Teachers	451	439	439	442	424	425	425	425	424	411
Clerical/Secretarial	32	39	44	42	40	35	35	35	26	25
Food Service	75	67	58	50	59	61	59	61	58	57
Educational Assistants/Clerks	128	116	71	58	69	68	73	68	73	75
Paraprofessionals	14	13	-	-	-	-	-	-	-	-
Maintenance/Grounds/Custodians	61	52	34	29	22	22	20	22	17	11
Bus Drivers/Mechanics	76	68	61	63	68	66	63	66	60	63
Data/Technology Services	8	6	5	5	5	4	4	4	3	3
Child Care	19	16	-	-	-	-	-	-	-	-
Security/Other	-	-	9	9	9	8	6	8	5	5
Total	889	844	749	727	725	716	714	716	697	683

*NOTE: District Annual Disclosure

OPERATIONAL INFORMATION

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Operational Information
Operating Statistics
Fiscal Years 2009-2010 through 2018-2019

Fiscal Year	Enrollment ¹	Percent Change	Operating Expenditures ²	Percent Change	Cost Per Pupil	Percent Change	Percent of Students Receiving Free or Reduced-Price Meals ³
2009-10	7,624	-0.25%	\$ 68,371,275	1.66%	\$ 8,968	1.91%	48.78%
2010-11	7,491	-1.74%	69,007,592	0.93%	9,212	2.72%	54.15%
2011-12	7,435	-0.74%	69,116,044	0.16%	9,296	0.91%	54.09%
2012-13	7,391	-0.59%	66,669,741	-3.54%	9,020	-2.97%	55.00%
2013-14	7,240	-2.04%	66,356,462	-0.47%	9,165	1.61%	54.37%
2014-15	7,126	-1.58%	67,426,131	1.61%	9,462	3.24%	54.29%
2015-16	6,964	-2.27%	69,440,696	2.99%	9,971	5.38%	55.05%
2016-17	6,848	-1.67%	69,233,476	-0.30%	10,110	1.39%	52.86%
2017-18	6,810	-0.55%	71,234,886	2.89%	10,460	3.46%	56.67%
2018-19	6,739	-1.04%	74,643,582	4.79%	11,076	5.89%	54.95%

¹ Blended count on State Aid Status Reports.

² Audited Financial Statements.

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

WEST OTTAWA PUBLIC SCHOOLS
Comprehensive Annual Financial Report
Operational Information
School Building Information
June 30, 2019

Year ended June 30, 2019

Site	Grade Configuration	Acreage	Date Originally Constructed	Additions	Square Feet
Glerum Transportation Center	N/A	17.14	1953*	1973,1992,1997	10,327
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	61,770
North Holland Elementary	K-5	15.30	1965	1992,1997, 2019	37,490
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, 2019	72,776
Waukazoo Elementary	K-5	17.86	1917,1937*	1956,1988,1991,2017	66,430
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	211,922
North High School	9-12	177.90	2005		335,000
South High School	9-12	177.90	1999		247,000
South High School Pole Barn	N/A	N/A	1997		5,050
Administration Building	N/A	N/A	2000		12,428
New Transportation	N/A	N/A	2019		11,011
Maintenance 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, 2019

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2018	Prior year expenditures (memo only)	Adjustments and transfers	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2019
<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		\$ 249,838	\$ -	\$ -	\$ -	\$ 249,838	\$ 249,838	\$ -
Non-Cash Assistance Subtotal			249,838	-	-	-	249,838	249,838	-
Cash Assistance:									
National School Lunch Program - Free & Reduced	10.555	191960	1,464,819	-	-	-	1,464,819	1,427,317	37,502
National School Lunch Program - Free & Reduced	10.555	181960	1,744,279	1,634	1,522,043	-	222,235	223,869	-
National School Lunch Program - Afterschool Snack	10.555	191980	15,033	-	-	-	15,033	14,913	120
National School Lunch Program - Afterschool Snack	10.555	181980	19,486	16	18,408	-	1,078	1,094	-
			3,243,617	1,650	1,540,451	-	1,703,165	1,667,193	37,622
Total CFDA #10.555 National School Lunch Program			3,493,455	1,650	1,540,451	-	1,953,003	1,917,031	37,622
School Breakfast Program	10.553	191970	567,253	-	-	-	567,253	548,584	18,669
School Breakfast Program	10.553	181970	663,566	555	588,974	-	74,592	75,147	-
			1,230,819	555	588,974	-	641,845	623,731	18,669
Summer Food Service Program for Children	10.559	180900/181900	65,133	-	-	-	65,132	44,142	20,990
Summer Food Service Program for Children	10.559	180900/181900	67,184	22,070	67,184	(55)	-	22,015	-
			132,317	22,070	67,184	(55)	65,132	66,157	20,990
Cash Assistance Subtotal			4,606,753	24,275	2,196,609	(55)	2,410,142	2,357,081	77,281
Total Child Nutrition Cluster			4,856,591	24,275	2,196,609	(55)	2,659,980	2,606,919	77,281
Child and Adult Care Food Program	10.558	192010/191920	46,216	-	-	-	46,216	46,216	-
Child and Adult Care Food Program	10.558	182010/181920	6,761	-	-	-	6,762	6,762	-
Total Child and Adult Care Food Program			52,977	-	-	-	52,978	52,978	-
Child Nutrition Discretionary Grants - Equipment Assistance	10.579	171991	35,946	-	-	-	35,946	35,946	-
			35,946	-	-	-	35,946	35,946	-
Total U.S. Department of Agriculture			4,945,514	24,275	2,196,609	(55)	2,748,904	2,695,843	77,281

The accompanying notes are an integral part of this schedule.

WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2018	Prior year expenditures (memo only)	Adjustments and transfers	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2019
<u>U.S. Department of Education:</u>									
Passed through Michigan Department of Education:									
Title I Grants to Local Educational Agencies	84.010	191530-1819	\$ 1,293,649	\$ -	\$ -	\$ -	\$ 1,053,724	\$ 947,405	\$ 106,319
Title I Grants to Local Educational Agencies	84.010	181530-1718	1,081,717	105,300	843,298	-	-	105,300	-
			<u>2,375,366</u>	<u>105,300</u>	<u>843,298</u>	<u>-</u>	<u>1,053,724</u>	<u>1,052,705</u>	<u>106,319</u>
Migrant Education State Grant Program (School Year)	84.011	191890-1819	226,933	-	-	-	124,987	117,385	7,602
Migrant Education State Grant Program (School Year)	84.011	181890-1718	244,429	11,050	162,173	(196)	-	10,854	-
Migrant Education State Grant Program (Summer)	84.011A	191830-1819	299,033	-	-	-	43,635	-	43,635
Migrant Education State Grant Program (Summer)	84.011A	181830-1718	252,365	47,979	47,979	-	151,119	199,098	-
			<u>1,022,760</u>	<u>59,029</u>	<u>210,152</u>	<u>(196)</u>	<u>319,741</u>	<u>327,337</u>	<u>51,237</u>
Supporting Effective Instruction State Grants	84.367	190520-1819	472,104	-	-	-	269,416	196,473	72,943
Supporting Effective Instruction State Grants	84.367	180520-1718	389,710	4,250	149,072	-	-	4,250	-
			<u>861,814</u>	<u>4,250</u>	<u>149,072</u>	<u>-</u>	<u>269,416</u>	<u>200,723</u>	<u>72,943</u>
English Language Acquisition State Grants	84.365A	190580-1819	120,252	-	-	-	78,352	73,328	5,024
English Language Acquisition State Grants	84.365A	180580-1718	140,049	7,729	135,971	177	-	7,906	-
English Language Acquisition State Grants	84.365A	170580-1617	170,350	177	151,307	(177)	-	-	-
			<u>430,651</u>	<u>7,906</u>	<u>287,278</u>	<u>-</u>	<u>78,352</u>	<u>81,234</u>	<u>5,024</u>
Student Support and Academic Enrichment Program	84.424	190750-1819	67,664	-	-	-	36,151	36,151	-
Temporary Emergency Impact Aid for Displaced Students	84.938C	192510-1819R1	45,250	-	-	-	45,250	45,250	-
Total passed through Michigan Department of Education			<u>4,803,505</u>	<u>176,485</u>	<u>1,489,800</u>	<u>(196)</u>	<u>1,802,634</u>	<u>1,743,400</u>	<u>235,523</u>

The accompanying notes are an integral part of this schedule.

WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue July 1, 2018	Prior year expenditures (memo only)	Adjustments and transfers	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2019
<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	190450-1819	\$ 1,232,655	\$ -	\$ -	\$ -	\$ 1,232,655	\$ 719,385	\$ 513,270
Special Education Grants to States	84.027A	180450-1718	1,181,243	418,737	1,181,243	-	-	418,737	-
			2,413,898	418,737	1,181,243	-	1,232,655	1,138,122	513,270
Special Education Preschool Grants	84.173A	180460-1819	39,431	-	-	-	39,431	24,969	14,462
Special Education Preschool Grants	84.173A	180460-1718	38,079	14,134	38,079	-	-	14,134	-
			77,510	14,134	38,079	-	39,431	39,103	14,462
Total Special Education Cluster			2,491,408	432,871	1,219,322	-	1,272,086	1,177,225	527,732
Education for Homeless Children and Youth	84.196A	192320-1819	1,116	-	-	-	686	-	686
Education for Homeless Children and Youth	84.196A	182320-1718	1,813	577	1,813	-	-	577	-
			2,929	577	1,813	-	686	577	686
Total U.S. Department of Education passed through Ottawa Area Intermediate School District			2,494,337	433,448	1,221,135	-	1,272,772	1,177,802	528,418
Total U.S. Department of Education			7,297,842	609,933	2,710,935	(196)	3,075,406	2,921,202	763,941
<u>U.S. Department of Health and Human Services:</u>									
Passed through Ottawa Area Intermediate School District (OAISD):									
Medical Assistance Program	93.778		6,250	-	-	-	6,250	6,250	-
TOTAL FEDERAL AWARDS			\$ 12,249,606	\$ 634,208	\$ 4,907,544	\$ (251)	\$ 5,830,560	\$ 5,623,295	\$ 841,222

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, 2019

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, 2019. 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, 2019:

General fund	\$ 3,081,656
Other nonmajor governmental fund	<u>2,748,904</u>
Total per financial statements	<u><u>\$ 5,830,560</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, 2019, 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 24, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Manes Costeiran PC

September 24, 2019

**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, 2019. 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, 2019.

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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

West Ottawa Public Schools' response to the internal control over compliance finding identified in our audit is described in accompanying schedule of findings and questioned costs. West Ottawa Public Schools' response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Manes Costeiran PC

September 24, 2019



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

West Ottawa Public Schools

