

**WEST OTTAWA PUBLIC SCHOOLS**

**Holland, Michigan**

**Comprehensive Annual Financial Report**

**Fiscal Year Ended  
JUNE 30, 2020**

**Prepared by:**

**Business Office  
Jeff Malloch, Assistant Superintendent of Business Services**

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	1-4
Principal Officials and Administrative Staff.....	5
Organizational Chart.....	6
Certificate of Excellence in Financial Reporting.....	7
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	9-11
Management's Discussion and Analysis.....	12-20
Basic Financial Statements.....	21
Government-wide Financial Statements	
Statement of Net Position .....	22
Statement of Activities.....	23
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	24-25
Reconciliation of Fund Balances on the Balance Sheet of Governmental Funds	
To Net Position of Governmental Activities on the Statement of Net Position.....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds.....	28-29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	30
Notes to Financial Statements.....	31-61
<b>Required Supplementary Information .....</b>	<b>63</b>
Budgetary Comparison Schedule - General Fund .....	64
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability.....	65
Schedule of the Reporting Unit's Pension Contributions.....	66
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability .....	67
Schedule of the Reporting Unit's OPEB Contributions .....	67
Notes to Required Supplementary Information .....	68

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**TABLE OF CONTENTS**

Page

**FINANCIAL SECTION (Continued)**

<b>Additional Supplementary Information.....</b>	<b>70</b>
Nonmajor Governmental Fund Types	
Combining Balance Sheet.....	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - Food Service Fund.....	73
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual – Student/School Activities Fund.....	74
Debt Service Funds	
Combining Balance Sheet.....	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	76
Nonmajor Capital Projects Funds	
Combining Balance Sheet.....	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	78
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - Sinking Fund.....	79
Long-Term Debt	
Bonded Debt .....	80-87

**STATISTICAL SECTION (UNAUDITED)**

Statistical Section Overview .....	89
Financial Trends.....	91
Net Position by Component.....	92-93
Expenses, Program Revenues and Net Expense.....	94-95
General Revenues and Total Change in Net Position .....	96-97
Fund Balances - Governmental Funds .....	98-99
Governmental Funds Revenues.....	100-101
Governmental Funds Expenditures and Debt Service Ratio .....	102-103

**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**TABLE OF CONTENTS**

Page

**STATISTICAL SECTION (UNAUDITED) (Concluded)**

Other Financing Sources (Uses) and Net Change in Fund Balances, Governmental Funds .....	104-105
Revenue and Debt Capacity .....	107
Taxable Value and Actual Value of Taxable Property .....	108-109
Direct and Overlapping Property Tax Rates .....	110-111
Principal Property Taxpayers .....	112-113
Property Tax Levies and Collections .....	114
Outstanding Debt by Type .....	115
Ratios of Outstanding Debt.....	116
Direct And Overlapping Governmental Activities Debt .....	117
Legal Debt Margin Information .....	118
Demographic and Economic Information .....	119
Demographic and Economic Statistics .....	120
Principal Employers in West Michigan .....	121
Full-Time-Equivalent District Employees by Type .....	122
Operational Information.....	123
Operating Statistics.....	124
School Building Information.....	125

**OTHER ITEMS**

Schedule of Expenditures of Federal Awards.....	127-129
Notes to Schedule of Expenditures of Federal Awards.....	130
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	131-132
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	133-134
Schedule of Findings and Questioned Costs.....	135
Schedule of Prior Year Audit Findings .....	136
Vision and Mission Statement .....	137



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

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

*Superintendent  
Tom Martin*

*Assistant Superintendent Business Services  
Jeff Malloch*

*Assistant Superintendent Human Resources  
Jens Milobinski*

October 21, 2020

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

Dear Board Members and Citizens of West Ottawa Public Schools:

This letter of transmittal provides an overview of the financial position of West Ottawa Public Schools (the District) from the perspective of the Superintendent and the Assistant Superintendent of Business Services. It serves as an introduction to our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. The CAFR is divided into three sections: introductory section, financial section and statistical section. The introductory section included the District's Organizational chart, a list of principal officials and this letter of transmittal. The financial section contains the independent auditor's unmodified opinion letter and the Management's Discussion and Analysis report. The Management's Discussion and Analysis report provides a more detailed analysis of the financial condition of the District and should be read in conjunction with this letter. The District's government-wide financial statements, fund financial statements and supplemental information are also contained in this section. The statistical section includes selected financial, demographic and general information, generally presented on a multi-year basis.

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

### *The District*

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

The District's student enrollment peaked twelve years ago with more than 8,000 students and has been slowly declining ever since to the current level of 6,682 students. The projected enrollment for the 2020-21 fiscal year is 6,583. There are currently eight elementary schools (pre-kindergarten through 5<sup>th</sup> grade), two middle schools (6<sup>th</sup>-8<sup>th</sup> grades), and one high school (9<sup>th</sup>-12<sup>th</sup> grades).

### *Student Services Provided and Major Initiatives*

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

### *Accounting Systems, Budgetary Control and Annual Audit*

The District adopts an annual appropriated budget for its general fund, food service fund, fiduciary fund, and repair and improvement fund. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

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

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

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

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

### Economic Environment

Michigan voters approved the state constitutional amendment known as Proposal A in 1994. Funding of District operation shifted dramatically from local property tax revenue to State Aid as a result of this amendment, with funding predominantly determined by student enrollment. Voter approval of the District's 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 2014 authorized bonds will be issued in approximately two 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 \$31 million of the bonds have been issued. The remaining 2019 authorized bonds will be issued in approximately three years.

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 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.

In March of 2020, the State of Michigan and much of the United States required residents to stay home to control the initial spread of the COVID-19 virus throughout the county. This resulted in dire repercussions to our State and national economy. The State of Michigan projected over a \$1 billion shortfall in revenue for the school aid fund in FY 2020. After federal aid and appropriating some of the State's budget stabilization fund, it resulted in a decrease of approximately \$175 per pupil in FY 2020. This resulted in a per pupil allocation of \$7,936 as opposed to the original estimate of \$8,111 prior to the pandemic. The district will be receiving ESSER (Elementary and Secondary School Emergency Relief) Funds and CRF (Coronavirus Relief Funds) from the federal government to help offset the cost of opening school for 2020-21. Although additional resources have been allocated to public school districts, the economic headwind and unpredictability of the virus makes it difficult to project per pupil revenue in the upcoming fiscal years. The district remains committed to budgeting based on the latest economic projections from the State of Michigan.

### Certificate of Excellence

The District is applying for the Certificate of Excellence for the sixth 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 and has recently received its fifth consecutive award for the 2018-19 financial statements. We are 1 of 19 districts in the state to receive the award in 2018-19, of approximately 825 public school districts and public school academies (charter schools).

### 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



Jeffrey W. Malloch  
Assistant Superintendent of Business Services



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

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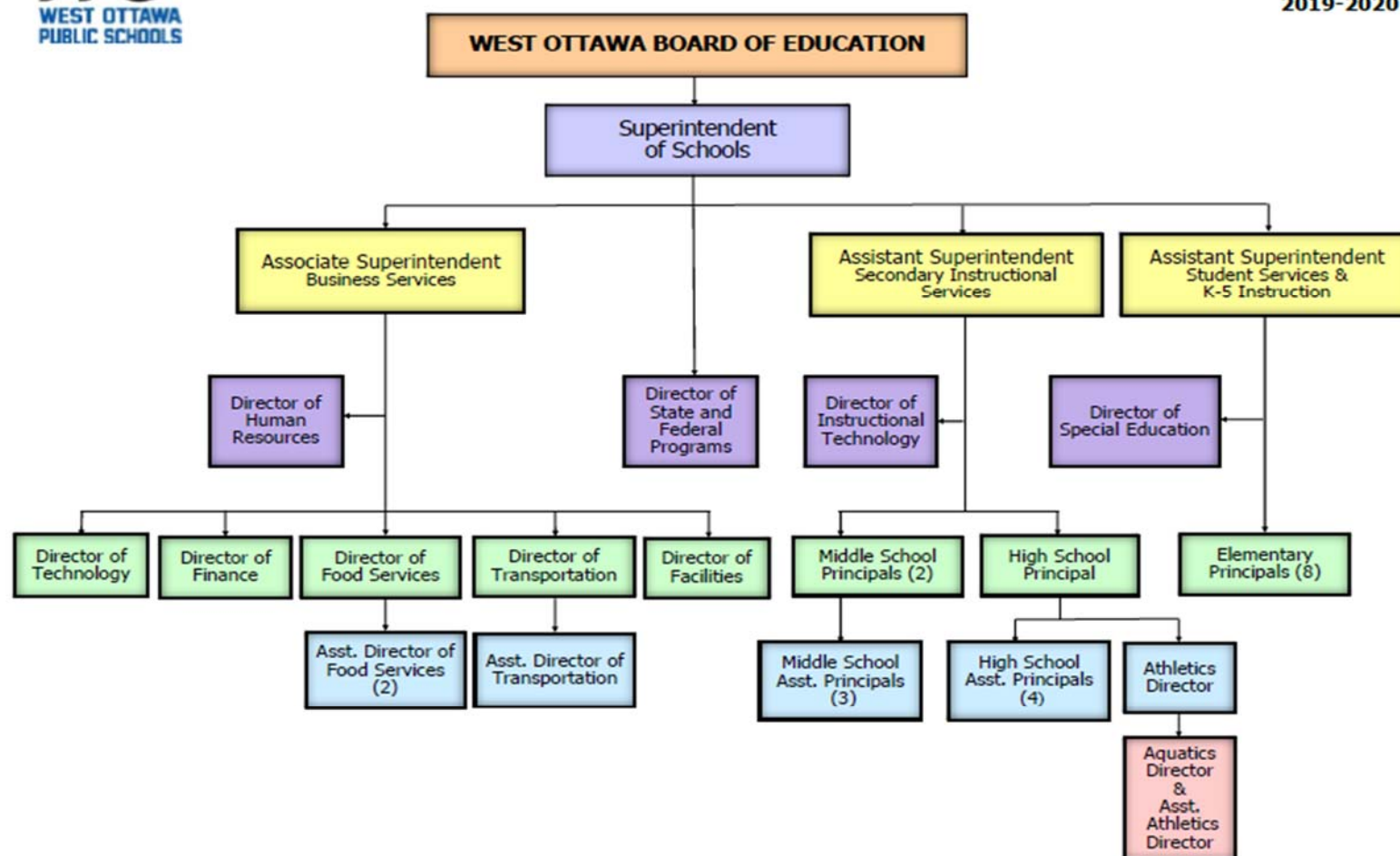
**2020 Board of Education**

President	Kate McCoy
Vice President	Cathy Lebster
Secretary	Darrin Duistermars
Trustee	Lynn Rutan
Trustee	Mary Remenschneider
Trustee	Tyson Smith
Trustee	Randy Schipper

*The Board Treasurer role is fulfilled by Randy Schipper*

**2019 - 2020 Administrative Staff**

Superintendent	Thomas Martin
Assistant Superintendent of Business Services	Jeff Malloch
Director of Finance	Kyle Barr



Effective 09/09/2019



**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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz', written over a horizontal line.

**Claire Hertz, SFO**  
President

A handwritten signature in black ink, reading 'David J. Lewis', written over a horizontal line.

**David J. Lewis**  
Executive Director

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
West Ottawa Public Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Ottawa Public Schools, as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 12 to the financial statements, West Ottawa Public Schools implemented Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

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

### ***Other Information***

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020 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*

October 21, 2020

## **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, 2020.

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 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, 2020 and 2019.

Table 1 West Ottawa Public Schools Net Position (in Millions)			
	2020	2019	Change
Current assets	\$ 78.17	\$ 72.51	\$ 5.66
Capital assets, net	151.28	154.56	(3.28)
Total assets	229.45	227.07	2.38
Deferred outflow of resources	51.08	50.23	0.85
Long-term obligations outstanding	131.09	132.47	(1.38)
Other liabilities	10.74	10.44	0.30
Net pension liability and other postemployment benefit	180.45	172.55	7.90
Total liabilities	322.28	315.46	6.82
Deferred inflows of resources	25.48	25.11	0.37
Net position			
Net investment in capital assets	64.83	65.80	(0.97)
Restricted	2.02	0.45	1.57
Unrestricted	(134.08)	(129.52)	(4.56)
Total net position	\$ (67.23)	\$ (63.27)	\$ (3.96)

The District's combined net position at the beginning of the fiscal year was (\$61,519,352), as restated, and on June 30, 2020 it was (\$67,230,252) which represents a decrease of \$5,710,900 as recorded in the statement of activities. Ending net position for 2019 has not been restated in Table 1.

### Capital Assets

At June 30, 2020, the District had invested over \$242 million in a broad range of capital assets, including school buildings and facilities, site improvements, school buses and other vehicles and various types of equipment. Depreciation expense for the year amounted to approximately \$4.8 million, bringing accumulated depreciation to \$91.6 million as of June 30, 2020.

Table 2 West Ottawa Public Schools' Capital Assets				
	2020			2019
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 6,129,748	\$ -	\$ 6,129,748	\$ 6,129,748
Construction in progress	15,431,806	-	15,431,806	32,342,428
Buildings and improvements	203,636,043	80,450,512	123,185,531	110,481,576
Furniture and equipment	11,908,868	7,581,545	4,327,323	3,722,085
Buses and other vehicles	5,772,502	3,567,986	2,204,516	1,882,307
Total	\$ 242,878,967	\$ 91,600,043	\$ 151,278,924	\$ 154,558,144

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, 2020, the District had approximately \$131 million in long-term obligations outstanding. This represents a decrease of approximately \$1.4 million from the amount outstanding at the close of the prior fiscal year. The decrease is the result of the issuance of new bonds in June 2020 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.

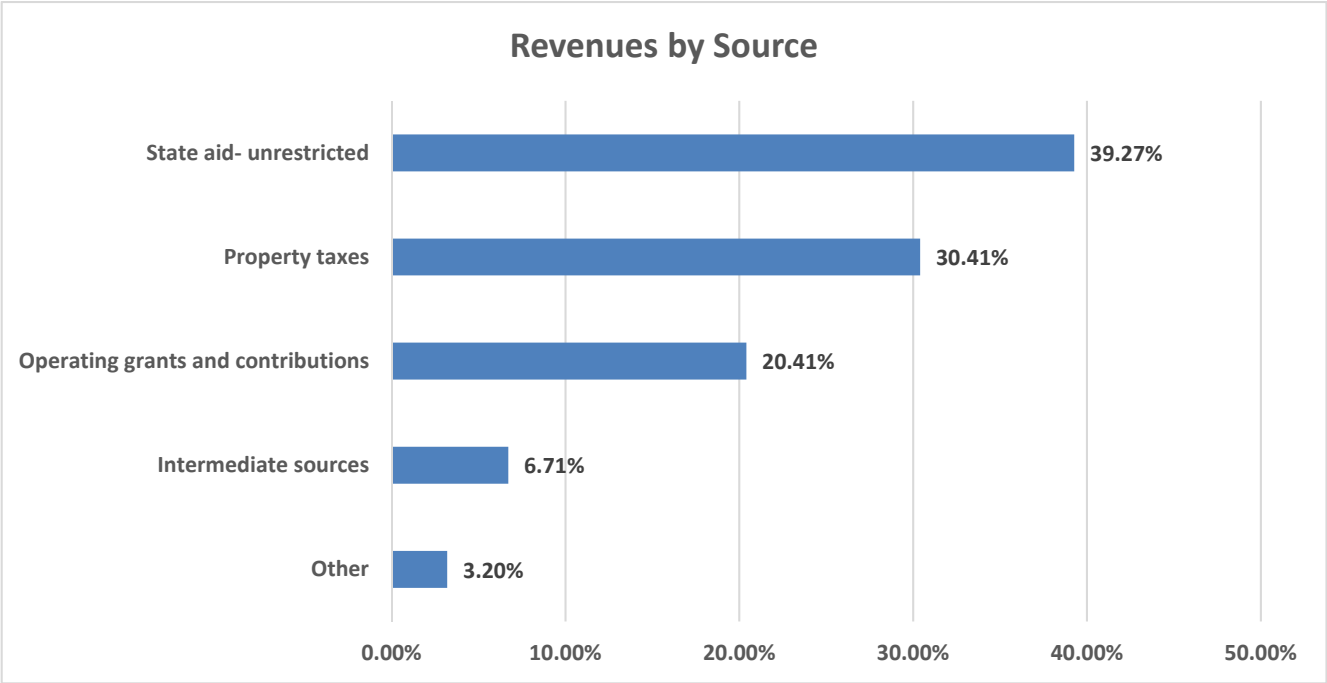
### *Results of Operations*

For the fiscal years ended June 30, 2020 and 2019, the results of operations, on a district-wide basis were:

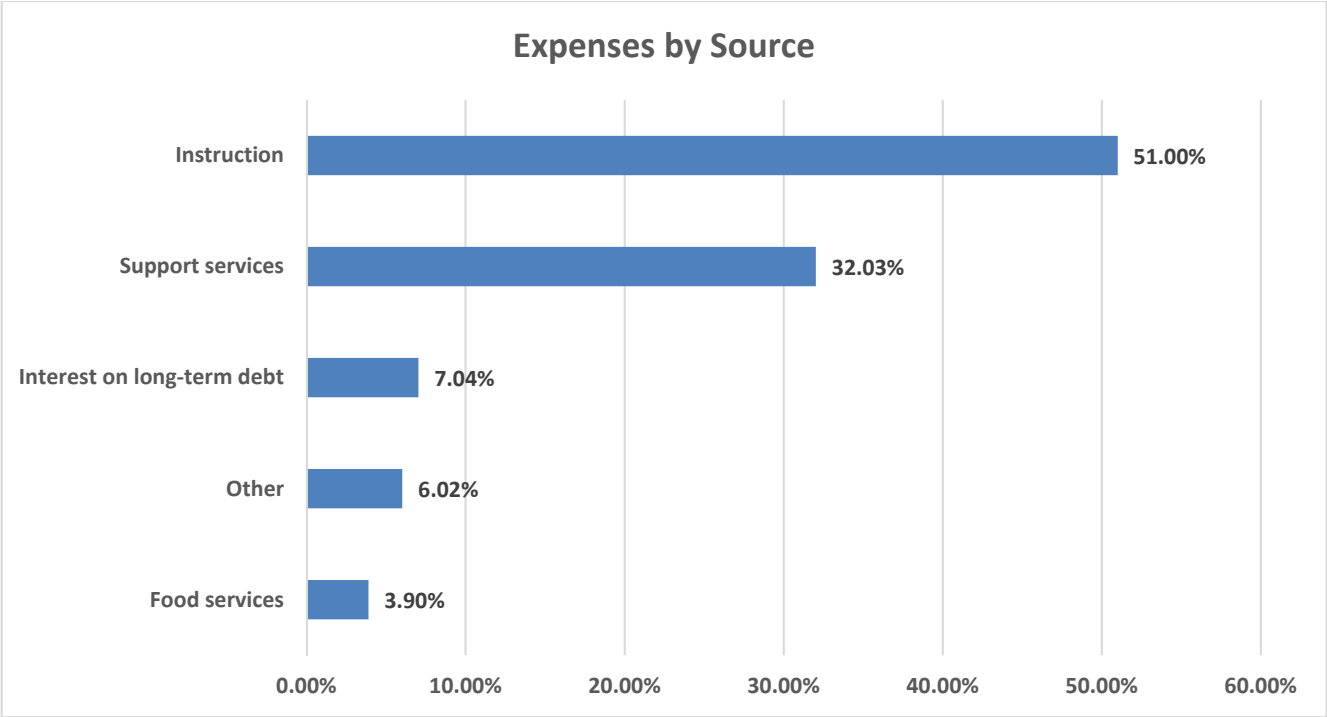
	2020	2019	Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 1,231,050	\$ 1,384,158	\$ (153,108)
Operating grants and contributions	20,788,727	18,569,936	2,218,791
General revenues			
Property taxes	30,978,140	29,370,669	1,607,471
Investment earnings	1,504,145	956,133	548,012
State aid - unrestricted	40,004,363	40,917,323	(912,960)
Intermediate sources	6,837,972	5,196,732	1,641,240
Other	528,115	481,907	46,208
Total revenues	101,872,512	96,876,858	4,995,654
<b>Expenses</b>			
Instruction	54,870,445	51,468,755	3,401,690
Support services	34,455,672	22,159,225	12,296,447
Community services	343,025	262,576	80,449
Food services	4,199,900	3,778,367	421,533
Student/school activities	1,365,037	-	1,365,037
Interest on long-term debt	7,576,075	4,707,960	2,868,115
Unallocated depreciation	4,773,258	3,738,642	1,034,616
Total expenses	107,583,412	86,115,525	21,467,887
Change in net position	(5,710,900)	10,761,333	(16,472,233)
Net position, beginning of year, as restated	(61,519,352)	(74,031,466)	12,512,114
Net position, end of year	\$ (67,230,252)	\$ (63,270,133)	\$ (3,960,119)

In most of the above categories, the differences between the 2018-2019 fiscal year and the 2019-2020 fiscal year (change) would generally be considered well within the normal range.

There were two notable changes in revenue growth. One was related to an increase in property tax collections due to an increase in taxable value across all district properties. The second was related to increased revenue from the passage of our local enhancement millage. State aid revenue decreased because of a \$175 per-pupil proration.



On the expense side, an increase in support services was the result of increased capital project expenses from 2019 and the selling of \$9,000,000 in bonds against the 2019 authorization. These additional funds will support capital projects around the district.



## 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.

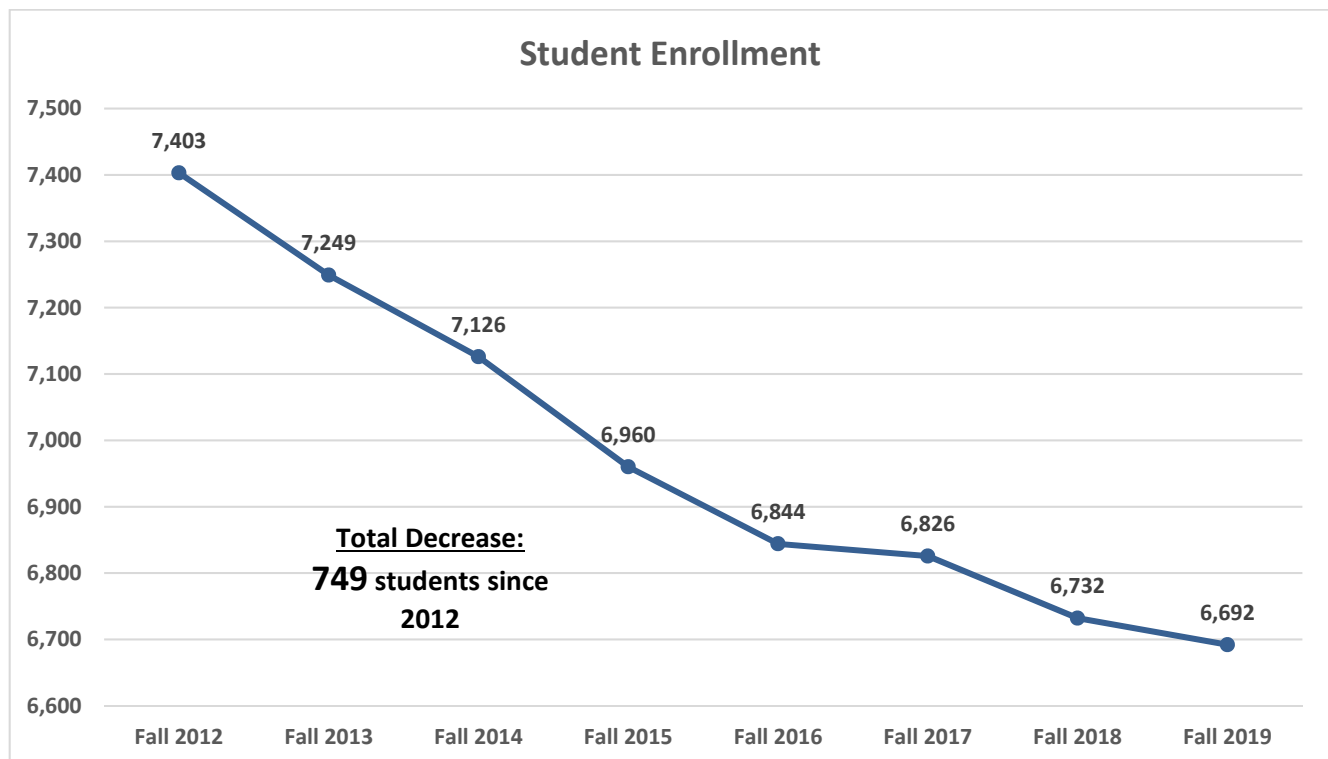
### State Sources

The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's October (2019) count and 10% of the prior year's February (2019) count. The state per-pupil allocation was \$7,871 for 2018-2019 and increased by \$240 per pupil for 2019-2020 to \$8,111 per pupil, with a one-time reduction of \$175 per pupil on the August state-aid payment.

### Student Enrollment

The District's enrollment for the fall count of 2019-2020 was 6,692 students. This is a decrease of 40 students or 0.59% 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 2019	6,692	-40
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 2019-2020 fiscal year, the District's net property tax revenues for general purposes were \$12,822,624. This was an increase of 5.3% from the prior year as property values continued to climb.

The District levied 7.75 mills of property taxes on all classes of property located within the District for bonded debt retirement. This levy is adjusted as property values increase or decrease and is used to pay the principal and interest on bond obligations. The total of property tax revenues for debt retirement in the current year was \$17,499,872.

West Ottawa Public Schools levied a 0.2909 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 \$655,644.

### *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 \$39.7 million, consistent with the prior year, with benefit costs up by approximately \$709,000 and equal to approximately \$25 million for the fiscal year. The total health benefit costs for 2019-20 were about \$5.74 million, down approximately \$199,000 from the prior year. The District contributed around \$15.31 million toward employees' pension and other postemployment benefits, an increase of .72% over 2018-2019. The remaining benefits consisted of employer contributions toward social security, Medicare, and worker's compensation. Wage and benefit costs were equal to approximately 84.26% of all general fund 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 2019-2020 fiscal year, the District amended the general fund budget, with the Board adopting the final changes in June 2020. 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>\$ 76,100,000</u>	<u>\$ 73,240,000</u>	<u>\$ 76,183,973</u>	<u>\$ 2,943,973</u>	4.02%
Expenditures and other financing uses					
Instruction	\$ 51,300,000	\$ 49,915,000	\$ 49,502,820	\$ 412,180	0.83%
Support services	24,700,000	25,784,000	25,051,928	732,072	2.84%
Community services	300,000	308,000	343,025	(35,025)	-11.37%
Capital outlay	<u>500,000</u>	<u>355,000</u>	<u>396,423</u>	<u>(41,423)</u>	-11.67%
Total expenditures and other financing uses	<u>\$ 76,800,000</u>	<u>\$ 76,362,000</u>	<u>\$ 75,294,196</u>	<u>\$ 1,067,804</u>	1.40%

The actual revenues and other financing sources for the general fund were about \$76.2 million. This is above the final amended budget by \$2,943,973 or 4.02%. The actual general fund expenditures and other financing uses were \$75.3 million. This is below the final amended budget amount by \$1,067,804, or 1.40%. The variance in general fund revenue was related to the uncertainty of the per-pupil reduction from the State at the time of final amended budget.

## Analysis of Financial Position

The District had a general fund increase of \$889,777 in 2019-2020. The small deficit is the result of conservative fiscal planning in anticipation of future deficits as the State of Michigan faces head wind recovering from the effect of the COVID-19 pandemic.

The accumulated fund balance is approximately \$16.6 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 \$68.3 million, this was an increase of \$2.66 million from the prior year. The primary reason for this increase was due to the issuance of new bonds less capital project expenditures and an operating surplus in the general fund. Projects incurring significant expenditures during 2019-2020 included building additions to North Holland Elementary and Harbor Lights Middle School. The District also purchased new land in anticipation of construction of the new elementary school in the southeast corner of the District. The changes by major and nonmajor funds are as follows:

	General Fund	2014 Capital Projects Fund	2019 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>FUND BALANCE</b>					
Beginning of year, as restated	\$ 15,727,795	\$ 21,722,029	\$ 21,746,290	\$ 6,427,374	\$ 65,623,488
Increase (decrease)	889,777	(5,704,913)	6,645,978	831,830	2,662,672
End of year	<u>\$ 16,617,572</u>	<u>\$ 16,017,116</u>	<u>\$ 28,392,268</u>	<u>\$ 7,259,204</u>	<u>\$ 68,286,160</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 2020-2021 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. State politicians may choose to divert earmarked funds away from K-12 education again for 2020-2021 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.
- The COVID-19 pandemic has inflicted damage on our national and state economy. It is difficult to project the length of this economic recession and the effects it will have on our per-pupil funding. Coinciding with the pandemic is further competition from online schools and other untested new educational models approved by the legislature and Governor in recent years that could further erode the District's student enrollment in the fall of 2020 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. 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 \$31 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 was renewed by voters on August 4, 2020 for another 5 years. These funds will be utilized to keep up with continued repair and improvements across district sites and facilities.

### **Contacting the District's Financial Management**

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



## **BASIC FINANCIAL STATEMENTS**

**WEST OTTAWA PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,580,020
Investments	7,152,637
Receivables	
Accounts receivable	59,806
Taxes receivable	94,894
Interest receivable	128,005
Intergovernmental	9,901,764
Inventories	55,766
Prepays	199,435
Restricted cash - capital projects	831,996
Restricted investments - capital projects	45,164,102
Capital assets not being depreciated	21,561,554
Capital assets, net of accumulated depreciation	129,717,370
<b>TOTAL ASSETS</b>	<b>229,447,349</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding, net of amortization	28,183
Related to other postemployment benefits	9,985,546
Related to pension	41,068,870
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>51,082,599</b>
<b>LIABILITIES</b>	
Accounts payable	2,232,570
Accrued salaries and related items	4,787,234
Accrued retirement	1,859,965
Accrued interest	853,016
Unearned revenue	1,002,496
Noncurrent liabilities	
Due within one year	14,210,707
Due in more than one year	116,884,072
Net other postemployment benefits liability	31,924,826
Net pension liability	148,525,879
<b>TOTAL LIABILITIES</b>	<b>322,280,765</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to state aid funding for pension	4,896,154
Related to other postemployment benefits	13,163,810
Related to pension	7,419,471
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>25,479,435</b>
<b>NET POSITION</b>	
Net investment in capital assets	64,828,780
Restricted for debt service	901,775
Restricted for capital projects - sinking fund	1,123,785
Unrestricted	(134,084,592)
<b>TOTAL NET POSITION</b>	<b>\$ (67,230,252)</b>

**WEST OTTAWA PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 54,870,445	\$ 76,574	\$ 11,211,425	\$ (43,582,446)
Support services	34,455,672	101,745	5,222,477	(29,131,450)
Community services	343,025	-	102,541	(240,484)
Food services	4,199,900	1,052,731	3,194,928	47,759
Student/school activities	1,365,037	-	1,057,356	(307,681)
Interest on long-term debt	7,576,075	-	-	(7,576,075)
Unallocated depreciation*	4,773,258	-	-	(4,773,258)
Total governmental activities	<u>\$ 107,583,412</u>	<u>\$ 1,231,050</u>	<u>\$ 20,788,727</u>	<u>(85,563,635)</u>
General revenues				
Property taxes, levied for general purposes				12,822,624
Property taxes, levied for debt service				17,499,872
Property taxes, levied for capital projects sinking fund				655,644
Investment earnings				1,504,145
State sources				40,004,363
Intermediate sources				6,837,972
Other				528,115
Total general revenues				<u>79,852,735</u>
CHANGE IN NET POSITION				(5,710,900)
NET POSITION, beginning of year, as restated				<u>(61,519,352)</u>
NET POSITION, end of year				<u>\$ (67,230,252)</u>

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

**WEST OTTAWA PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	General Fund	2014 Capital Projects Fund	2019 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
ASSETS					
Cash and cash equivalents	\$ 9,064,688	\$ -	\$ -	\$ 5,515,332	\$ 14,580,020
Investments	5,562,574	-	-	1,590,063	7,152,637
Receivables					
Taxes receivable	72,749	-	-	22,145	94,894
Accounts receivable	33,761	-	-	26,045	59,806
Interest receivable	-	57,075	70,930	-	128,005
Intergovernmental	9,679,829	-	-	221,935	9,901,764
Due from other funds	2,519	1,029,761	-	108,915	1,141,195
Inventories	-	-	-	55,766	55,766
Prepays	192,430	-	-	7,005	199,435
Restricted cash - capital projects	-	831,996	-	-	831,996
Restricted investments - capital projects	-	15,728,586	29,435,516	-	45,164,102
<b>TOTAL ASSETS</b>	<b>\$ 24,608,550</b>	<b>\$ 17,647,418</b>	<b>\$ 29,506,446</b>	<b>\$ 7,547,206</b>	<b>\$ 79,309,620</b>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES					
Accounts payable	\$ 385,990	\$ 1,585,331	\$ 168,216	\$ 93,033	\$ 2,232,570
Accrued salaries and related items	4,770,845	-	-	16,389	4,787,234
Accrued retirement	1,857,406	-	-	2,559	1,859,965
Due to other funds	63,944	44,971	945,962	86,318	1,141,195
Unearned revenue	912,793	-	-	89,703	1,002,496
<b>TOTAL LIABILITIES</b>	<b>7,990,978</b>	<b>1,630,302</b>	<b>1,114,178</b>	<b>288,002</b>	<b>11,023,460</b>

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	\$ 192,430	\$ -	-	\$ 7,005	\$ 199,435
Restricted					
Food service	-	-	-	1,129,375	1,129,375
Capital projects	-	16,017,116	28,392,268	1,123,785	45,533,169
Debt service	-	-	-	1,754,791	1,754,791
Committed for student/school activities	-	-	-	1,443,100	1,443,100
Assigned:					
Subsequent year expenditures	208,000	-	-	-	208,000
Capital projects	-	-	-	1,801,148	1,801,148
Unassigned	16,217,142	-	-	-	16,217,142
TOTAL FUND BALANCES	<u>16,617,572</u>	<u>16,017,116</u>	<u>28,392,268</u>	<u>7,259,204</u>	<u>68,286,160</u>
TOTAL LIABILITIES AND					
FUND BALANCES	<u>\$ 24,608,550</u>	<u>\$ 17,647,418</u>	<u>\$ 29,506,446</u>	<u>\$ 7,547,206</u>	<u>\$ 79,309,620</u>

**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, 2020**

<b>Total governmental fund balances</b>	<b>\$ 68,286,160</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources - related to pension	41,068,870
Deferred outflows of resources - related to other postemployment benefits	9,985,546
Deferred outflows of resources - charges on refunding, net of amortization	28,183
Deferred inflows of resources - related to pension	(7,419,471)
Deferred inflows of resources - state aid funding for pension	(4,896,154)
Deferred inflows of resources - related to other postemployment benefits	(13,163,810)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	242,878,967
Accumulated depreciation is	(91,600,043)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(130,887,711)
Compensated absences and termination benefits	(207,068)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(853,016)
Net other postemployment benefits liability	(31,924,826)
Net pension liability	(148,525,879)
<b>Net position of governmental activities</b>	<b>\$ (67,230,252)</b>

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**WEST OTTAWA PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<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	\$ 12,822,624	\$ -	\$ -	\$ 18,155,516	\$ 30,978,140
Tuition	76,574	-	-	-	76,574
Investment earnings	236,788	459,937	641,537	165,883	1,504,145
Student/school activity income	-	-	-	1,057,356	1,057,356
Food sales	-	-	-	884,879	884,879
Other	116,865	-	-	617,684	734,549
Total local sources	13,252,851	459,937	641,537	20,881,318	35,235,643
State sources	52,677,562	-	-	712,179	53,389,741
Federal sources	3,222,425	-	-	3,037,920	6,260,345
Incoming transfers and other	6,901,135	-	-	-	6,901,135
TOTAL REVENUES	76,053,973	459,937	641,537	24,631,417	101,786,864
EXPENDITURES					
Current					
Instruction	49,502,820	-	-	-	49,502,820
Supporting services	25,051,928	-	-	-	25,051,928
Food service activities	-	-	-	3,998,340	3,998,340
Student/school activity expenses	-	-	-	1,365,037	1,365,037
Community service activities	343,025	-	-	-	343,025
Capital outlay	396,423	6,164,850	2,931,741	88,425	9,581,439



	General Fund	2014 Capital Projects Fund	2019 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (Concluded)					
Debt service					
Principal repayment	\$ -	\$ -	\$ -	\$ 7,281,417	\$ 7,281,417
Interest	-	-	-	10,932,368	10,932,368
Bond issuance costs	-	-	96,022	-	96,022
Other	-	-	-	4,000	4,000
TOTAL EXPENDITURES	<u>75,294,196</u>	<u>6,164,850</u>	<u>3,027,763</u>	<u>23,669,587</u>	<u>108,156,396</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>759,777</u>	<u>(5,704,913)</u>	<u>(2,386,226)</u>	<u>961,830</u>	<u>(6,369,532)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bonds	-	-	7,350,000	-	7,350,000
Bond premium	-	-	1,682,204	-	1,682,204
Transfer in	130,000	-	-	126,873	256,873
Transfer out	-	-	-	(256,873)	(256,873)
TOTAL OTHER FINANCING SOURCES (USES)	<u>130,000</u>	<u>-</u>	<u>9,032,204</u>	<u>(130,000)</u>	<u>9,032,204</u>
NET CHANGE IN FUND BALANCES	<u>889,777</u>	<u>(5,704,913)</u>	<u>6,645,978</u>	<u>831,830</u>	<u>2,662,672</u>
FUND BALANCES					
Beginning of year, as restated	<u>15,727,795</u>	<u>21,722,029</u>	<u>21,746,290</u>	<u>6,427,374</u>	<u>65,623,488</u>
End of year	<u>\$ 16,617,572</u>	<u>\$ 16,017,116</u>	<u>\$ 28,392,268</u>	<u>\$ 7,259,204</u>	<u>\$ 68,286,160</u>

**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, 2020**

<b>Net change in fund balances total governmental funds</b>	<b>\$ 2,662,672</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(4,773,258)
Capital outlay	1,494,038
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	1,799,168
Accrued interest payable, end of the year	(853,016)
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	(7,350,000)
Premium on the debt issuance	(1,682,204)
Payments on debt	7,281,417
Net decrease in accretion on bonds	2,410,140
Amortization of bond premium	758,679
Amortization of deferred charges on refunding	(46,301)
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:	
Compensated absences and termination benefits, beginning of the year	164,220
Compensated absences and termination benefits, end of the year	(207,068)
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	(10,065,756)
Other postemployment benefits related items	2,610,721
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	4,981,802
Pension related items, end of year	(4,896,154)
<b>Change in net position of governmental activities</b>	<b>\$ (5,710,900)</b>

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### 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. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

#### 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.

#### 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.

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

#### Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category 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.

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.

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

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

Basis of Presentation - Fund Financial Statements (Concluded)

The District issued \$7,350,000 of bonds on June 25, 2020, 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:

	<u>2014 Bond</u>	<u>2019 Bond</u>
Revenues and other financing sources	<u>\$ 67,644,063</u>	<u>\$ 31,739,063</u>
Expenditures	<u>\$ 51,626,947</u>	<u>\$ 3,346,795</u>

The above revenue amount includes net bond proceeds related to the 2014 and 2019 Bonds of \$64,942,587 and \$26,185,000, respectively.

*Other Nonmajor Funds*

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

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.

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

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

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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.

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

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

Measurement Focus and Basis of Accounting (Continued)

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.

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.

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

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

Budgetary Information (Concluded)

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, 2020. The District does not consider these amendments to be significant.

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

*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.

*Investments*

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.



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

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

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

*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.

*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

*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)**

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

*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.

*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.

*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)**

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

*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.

*Fund Balance Policies*

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

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

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

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

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

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

Revenues and Expenditures/Expenses

*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.

*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, 2020, 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	0.2909

*Compensated Absences and Termination Benefits*

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.

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

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

Revenues and Expenditures/Expenses (Concluded)

*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.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2020 the District had deposits and investments subject to the following risk:

**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, 2020, \$16,035,582 of the District's bank balance of \$16,785,582 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$15,412,016.

**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.

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

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

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

As of June 30, 2020, the district had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	%
Fidelity Institutional Treasury Portfolio	\$ 17,480,052	0.0027	33.41%
United States Treasury Notes	27,748,224	2.4984	53.04%
Certificate of Deposits	7,064,774	0.3958	13.50%
FDIC insured deposit account	23,689	0.0027	0.05%
Total fair value	<u>\$ 52,316,739</u>		<u>100.00%</u>
Portfolio weighted average maturity		<u>1.3795</u>	

1 day maturity equals 0.0027, one year equals 1.00

**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. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

**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 Fidelity Institutional Treasury Portfolio are the only investments subject to the fair value measurement. United States Treasury Notes are considered Level 1 and Fidelity Institutional Treasury Portfolio are considered Level 2.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2020:

	Primary Government
Cash and cash equivalents	\$ 14,580,020
Investments	7,152,637
Restricted cash and cash equivalents	831,996
Restricted investments	45,164,102
	<u>\$ 67,728,755</u>

**NOTE 3 - CAPITAL ASSETS**

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Assets not being depreciated				
Land	\$ 6,129,748	\$ -	\$ -	\$ 6,129,748
Construction in progress	32,342,428	-	16,910,622	15,431,806
Subtotal	38,472,176	-	16,910,622	21,561,554
Other capital assets				
Buildings and improvements	187,127,792	16,579,211	70,960	203,636,043
Furniture and equipment	13,590,237	1,060,241	2,741,610	11,908,868
Buses and other vehicles	5,667,906	765,208	660,612	5,772,502
Subtotal	206,385,935	18,404,660	3,473,182	221,317,413
Accumulated depreciation				
Buildings and improvements	76,646,216	3,875,256	70,960	80,450,512
Furniture and equipment	9,868,152	455,003	2,741,610	7,581,545
Buses and other vehicles	3,785,599	442,999	660,612	3,567,986
Total accumulated depreciation	90,299,967	4,773,258	3,473,182	91,600,043
Net capital assets being depreciated	116,085,968	13,631,402	-	129,717,370
Net governmental capital assets	<u>\$ 154,558,144</u>	<u>\$ 13,631,402</u>	<u>\$ 16,910,622</u>	<u>\$ 151,278,924</u>

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

**NOTE 3 - CAPITAL ASSETS (Concluded)**

Depreciation expense for the fiscal year ended June 30, 2020 amounted to \$4,773,258. 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 \$18,859,000.

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2020 consist of the following:

State aid	\$ 8,499,427
Federal revenue	1,194,778
Intermediate sources and other	<u>207,559</u>
	<u><u>\$ 9,901,764</u></u>

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

**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, 2020:

	Compensated Absences and Termination Benefits	General Obligation Bonds	Total
Balance, July 1, 2019	\$ 164,220	\$ 132,305,743	\$ 132,469,963
Additions	42,848	9,032,204	9,075,052
Deletions	<u>-</u>	<u>(10,450,236)</u>	<u>(10,450,236)</u>
Balance, June 30, 2020	207,068	130,887,711	131,094,779
Due within one year	<u>20,707</u>	<u>14,190,000</u>	<u>14,210,707</u>
Due in more than one year	<u><u>\$ 186,361</u></u>	<u><u>\$ 116,697,711</u></u>	<u><u>\$ 116,884,072</u></u>



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

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

Long-term obligations at June 30, 2020 is comprised of the following issues:

General obligation bonds

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
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%.	2,680,000
2016 refunding bonds - \$5,715,000, due in annual installments of \$870,000 to \$965,000 through November 1, 2026 with interest at 1.690%.	5,515,000
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 \$1,000,000 through November 1, 2038 with interest from 4.000% to 5.000%.	8,450,000
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
2020 building and site bonds - \$7,350,000, due in annual installments of \$2,175,000 to \$2,750,000 through May 1, 2030 with interest of 4.000%.	7,350,000
Issuance premium	<u>12,737,711</u>
Total general obligation bonds	130,887,711
Compensated absences and termination benefits	<u>207,068</u>
Total general long-term obligations	<u><u>\$ 131,094,779</u></u>

On June 25, 2020, the District issued general obligation bonds of \$7,350,000 with an interest rate of 4.0%. The bonds mature at various times through May 1, 2030. The general obligation bonds were issued at a premium of \$1,682,204 after paying issuance costs of \$96,022.

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, 2020, \$71,195,000 of bonds outstanding are considered defeased.

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

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

The annual requirements to amortize long-term obligations exclusive of compensated absences payments as of June 30, 2020 are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated absences and termination benefits	Total
	Principal	Interest		
2021	\$ 14,190,000	\$ 5,118,098	\$ -	\$ 19,308,098
2022	9,445,000	4,565,967	-	14,010,967
2023	7,150,000	4,149,080	-	11,299,080
2024	7,230,000	3,842,909	-	11,072,909
2025	7,285,000	3,532,849	-	10,817,849
2026 - 2030	33,930,000	13,434,089	-	47,364,089
2031 - 2035	20,145,000	6,873,127	-	27,018,127
2036 - 2040	14,775,000	2,777,750	-	17,552,750
2041 - 2044	4,000,000	832,000	-	4,832,000
	118,150,000	45,125,869	-	163,275,869
Issuance premium	12,737,711	-	-	12,737,711
Compensated absences and termination benefits	-	-	207,068	207,068
	<u>\$ 130,887,711</u>	<u>\$ 45,125,869</u>	<u>\$ 207,068</u>	<u>\$ 176,220,648</u>

Compensated absences and termination benefits typically are liquidated by the general fund. Interest expense for the year ended June 30, 2020 was approximately \$10,932,000.

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2020 are as follows:

Receivable Fund		Payable Fund	
General fund	\$ 2,519	General fund	\$ 63,944
Food service fund	63,406	Food service fund	54
Debt service fund	44,971	Debt service fund	43,971
Building transfer fund	538	Student/school activities	2,465
2014 capital projects fund	1,029,761	Sinking fund	39,828
		2014 capital projects fund	44,971
		2019 capital projects fund	945,962
	<u>\$ 1,141,195</u>		<u>\$ 1,141,195</u>

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

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

**NOTE 7 - 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](http://www.michigan.gov/ors) schools.

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

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

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 MPERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	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%.

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Pension Reform 2010

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

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

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 Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 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 Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included 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 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - 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.

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and 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 normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2019 were determined as of the September 30, 2016 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2016 are amortized over a 20-year period beginning October 1, 2018 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, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

The District's pension contributions for the year ended June 30, 2020 were equal to the required contribution total. Total pension contributions were approximately \$12,276,000. Of the total pension contributions approximately \$12,051,000 was contributed to fund the Defined Benefit Plan and approximately \$225,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2020 were equal to the required contribution total. Total OPEB contributions were approximately \$3,555,000. Of the total OPEB contributions approximately \$3,380,000 was contributed to fund the Defined Benefit Plan and approximately \$175,000 was contributed to fund the Defined Contribution 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).

**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

*Pension Liabilities*

The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2018 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.

<i>MPERS (Plan) Non-University Employers</i>	September 30, 2019	September 30, 2018
Total pension liability	\$ 83,442,507,212	\$ 79,863,694,444
Plan fiduciary net position	\$ 50,325,869,388	\$ 49,801,889,205
Net pension liability	\$ 33,116,637,824	\$ 30,061,805,239
Proportionate share	0.44849%	0.45466%
Net pension liability for the District	\$ 148,525,879	\$ 136,679,364

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

For the year ended June 30, 2020, the District recognized pension expense of \$22,116,705.

At June 30, 2020, 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	\$ 29,081,472	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(4,760,002)
Differences between expected and actual experience	665,740	(619,339)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(2,040,130)
Reporting Unit's contributions subsequent to the measurement date	11,321,658	-
	<u>\$ 41,068,870</u>	<u>\$ (7,419,471)</u>



**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 (Concluded)*

\$11,321,658, 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:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 8,933,509
2021	7,051,349
2022	4,517,481
2023	1,825,402

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

*OPEB Liabilities*

The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2018 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.

<u>MPERS (Plan) Non-University Employers</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Total other postemployment benefits liability	\$ 13,925,860,688	\$ 13,932,170,264
Plan fiduciary net position	\$ 6,748,112,668	\$ 5,983,218,473
Net other postemployment benefits liability	\$ 7,177,748,020	\$ 7,948,951,791
Proportionate share	0.44477%	0.45128%
Net other postemployment benefits liability for the District	\$ 31,924,826	\$ 35,872,101

**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, 2020, the District recognized OPEB expense of \$769,171.

At June 30, 2020, 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	\$ 6,917,464	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(555,188)
Differences between expected and actual experience	-	(11,714,121)
Changes in proportion and differences between employer contributions and proportionate share of contributions	340	(894,501)
Reporting Unit's contributions subsequent to the measurement date	3,067,742	-
	<u>\$ 9,985,546</u>	<u>\$ (13,163,810)</u>

\$3,067,742, 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 Ending September 30,	Amount
2020	\$ (1,701,227)
2021	(1,701,227)
2022	(1,423,988)
2023	(950,996)
2024	(468,568)

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Actuarial Assumptions

**Investment Rate of Return for Pension** - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

**Investment Rate of Return for OPEB** - 6.95% 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 morality improvements using projection scale MP-2017 from 2006.

*Active:* RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for morality 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, 2018. 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 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, 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 and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Cost of Living Pension Adjustments** - 3.0% annual non-compounded for MIP members.

**Healthcare Cost Trend Rate for Other Postemployment Benefit** - 7.5% for year one and graded to 3.5% in year twelve.

**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, 2019 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%	5.5%
Private Equity Pools	18.0%	8.6%
International Equity Pools	16.0%	7.3%
Fixed Income Pools	10.5%	1.2%
Real Estate and Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.4%
Short Term Investment Pools	2.0%	0.8%
	<u>100.00%</u>	

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

**Rate of Return** - For fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.14% and 5.37% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Discount Rate** - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (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 6.95% 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 6.95%. 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 6.80% (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	<u>\$ 193,093,144</u>	<u>\$ 148,525,879</u>	<u>\$ 111,578,080</u>

**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	<u>\$ 39,160,596</u>	<u>\$ 31,924,826</u>	<u>\$ 25,848,789</u>

**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 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Current Heathcare Cost Trend Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	<u>\$ 25,591,191</u>	<u>\$ 31,924,826</u>	<u>\$ 39,159,738</u>

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 2019 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).

**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.

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

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

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 \$130,000 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds. \$126,873 was transferred between the debt service funds.

**NOTE 10 - CONTINGENT LIABILITIES**

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

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

**NOTE 11 - 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	\$ 28,440	\$ -	\$ -	\$ 28,440
Holland Charter Township	610,202	20,126	136,579	766,907
	<u>\$ 638,642</u>	<u>\$ 20,126</u>	<u>\$ 136,579</u>	<u>\$ 795,347</u>

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

**NOTE 12 - NEW ACCOUNTING STANDARD**

For the year ended June 30, 2020, the District implemented the following new pronouncement: GASB Statement No. 84, *Fiduciary Activities*.

**Summary:**

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017. 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.



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

**NOTE 12 - NEW ACCOUNTING STANDARD (Concluded)**

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

	Fund Balances	
	Student/School Activity Fund	Total Governmental Funds
Fund balances as of July 1, 2019, as previously stated	\$ -	\$ 63,872,707
Adoption of GASB Statement No. 84	1,750,781	1,750,781
Fund balances as of July 1, 2019, as restated	<u>\$ 1,750,781</u>	<u>\$ 65,623,488</u>

	Net Position	
		Governmental Activities
Net position as of July 1, 2019, as previously stated	\$	(63,270,133)
Adoption of GASB Statement No. 84		1,750,781
Net position as of July 1, 2019, as restated	<u>\$</u>	<u>(61,519,352)</u>

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENT**

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 2022 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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Local sources	\$ 12,950,000	\$ 13,280,000	\$ 13,252,851	\$ (27,149)
State sources	53,000,000	49,490,000	52,677,562	3,187,562
Federal sources	3,250,000	3,445,000	3,222,425	(222,575)
Incoming transfers and other	6,900,000	6,895,000	6,901,135	6,135
<b>TOTAL REVENUES</b>	<b>76,100,000</b>	<b>73,110,000</b>	<b>76,053,973</b>	<b>2,943,973</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	40,000,000	39,980,000	39,784,297	195,703
Added needs	11,300,000	9,935,000	9,718,523	216,477
<b>Total instruction</b>	<b>51,300,000</b>	<b>49,915,000</b>	<b>49,502,820</b>	<b>412,180</b>
Supporting services				
Pupil	4,800,000	4,570,000	4,451,443	118,557
Instructional staff	3,100,000	3,695,000	3,603,281	91,719
General administration	700,000	637,000	632,825	4,175
School administration	3,800,000	4,205,000	4,187,677	17,323
Business	665,000	952,000	819,069	132,931
Operation/maintenance	6,200,000	6,580,000	6,381,202	198,798
Pupil transportation	2,955,000	2,750,000	2,610,100	139,900
Central	1,160,000	955,000	917,221	37,779
Athletics	1,320,000	1,440,000	1,449,110	(9,110)
<b>Total supporting services</b>	<b>24,700,000</b>	<b>25,784,000</b>	<b>25,051,928</b>	<b>732,072</b>
Community services	300,000	308,000	343,025	(35,025)
Capital outlay	500,000	355,000	396,423	(41,423)
<b>TOTAL EXPENDITURES</b>	<b>76,800,000</b>	<b>76,362,000</b>	<b>75,294,196</b>	<b>1,067,804</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(700,000)</b>	<b>(3,252,000)</b>	<b>759,777</b>	<b>4,011,777</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	130,000	130,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (700,000)</b>	<b>\$ (3,122,000)</b>	<b>889,777</b>	<b>\$ 4,011,777</b>
<b>FUND BALANCE</b>				
Beginning of year			15,727,795	
End of year			<u>\$ 16,617,572</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 6 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.44849%	0.45466%	0.45840%	0.46027%	0.46219%	0.45848%
Reporting Unit's proportionate share of net pension liability	\$ 148,525,879	\$ 136,679,364	\$ 118,791,816	\$ 114,833,132	\$ 112,891,123	\$ 100,986,711
Reporting Unit's covered-employee payroll	\$ 38,824,228	\$ 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	382.56%	371.47%	307.39%	295.97%	292.50%	257.70%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	60.31%	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 6 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 12,050,949	\$ 11,697,607	\$ 11,766,432	\$ 10,335,560	\$ 9,810,891	\$ 8,086,710
Contributions in relation to statutorily required contributions	12,050,949	11,697,607	11,766,432	10,335,560	9,810,891	8,086,710
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll	\$ 39,595,133	\$ 38,665,365	\$ 38,146,494	\$ 37,878,158	\$ 38,800,553	\$ 38,388,804
Contributions as a percentage of covered-employee payroll	30.44%	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 3 FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR SEPTEMBER 30)**

	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.44477%	0.45128%	0.45772%
Reporting Unit's proportionate share of net OPEB liability	\$ 31,924,826	\$ 35,872,101	\$ 40,533,595
Reporting Unit's covered-employee payroll	\$ 38,824,228	\$ 36,794,433	\$ 38,644,745
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	82.23%	97.49%	104.89%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	48.46%	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 3 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 3,379,893	\$ 3,204,538	\$ 3,729,757
Contributions in relation to statutorily required contributions	<u>3,379,893</u>	<u>3,204,538</u>	<u>3,729,757</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 39,595,133	\$ 38,665,365	\$ 38,146,494
Contributions as a percentage of covered-employee payroll	8.54%	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, 2020**

**NOTE 1 - PENSION INFORMATION**

Benefit changes - there were no changes of benefit terms in 2019.

Changes of assumptions - the assumption changes for 2019 were:

Discount rate for MIP and Basic plans decreased to 6.80% from 7.05%.

Discount rate for Pension Plus decreased to 6.80% from 7.00%.

**NOTE 2 - OPEB INFORMATION**

Benefit changes - there were no changes of benefit terms in 2019.

Changes of assumptions - the assumption changes for 2019 were:

Discount rate for decreased to 6.95% from 7.15%.

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

## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2020**

	Special Revenues			Nonmajor	Total
	Food	Student/School	Debt	Capital	Nonmajor
	Service	Activities	Service	Projects	Funds
ASSETS					
ASSETS					
Cash and cash equivalents	\$ 697,629	\$ 951,322	\$ 1,738,535	\$ 2,127,846	\$ 5,515,332
Investments	269,761	487,868	-	832,434	1,590,063
Accounts receivable	144	22,960	-	2,941	26,045
Taxes receivable	-	-	19,587	2,558	22,145
Intergovernmental receivable	221,935	-	-	-	221,935
Due from other funds	63,406	-	44,971	538	108,915
Inventories	55,766	-	-	-	55,766
Prepays	7,005	-	-	-	7,005
TOTAL ASSETS	<u>\$ 1,315,646</u>	<u>\$ 1,462,150</u>	<u>\$ 1,803,093</u>	<u>\$ 2,966,317</u>	<u>\$ 7,547,206</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 72,011	\$ 16,585	\$ 4,331	\$ 106	\$ 93,033
Accrued salaries and related items	16,389	-	-	-	16,389
Accrued retirement	2,559	-	-	-	2,559
Due to other funds	54	2,465	43,971	39,828	86,318
Unearned revenue	88,253	-	-	1,450	89,703
TOTAL LIABILITIES	<u>179,266</u>	<u>19,050</u>	<u>48,302</u>	<u>41,384</u>	<u>288,002</u>
FUND BALANCES					
Nonspendable					
Prepays	7,005	-	-	-	7,005
Restricted	1,129,375	-	1,754,791	1,123,785	4,007,951
Committed for student/school activities	-	1,443,100	-	-	1,443,100
Assigned					
Capital projects	-	-	-	1,801,148	1,801,148
TOTAL FUND BALANCES	<u>1,136,380</u>	<u>1,443,100</u>	<u>1,754,791</u>	<u>2,924,933</u>	<u>7,259,204</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,315,646</u>	<u>\$ 1,462,150</u>	<u>\$ 1,803,093</u>	<u>\$ 2,966,317</u>	<u>\$ 7,547,206</u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2020**

	Special Revenues			Nonmajor	Total
	Food Service	Student/School Activities	Debt Service	Capital Projects	Nonmajor Funds
REVENUES					
Local sources					
Property taxes	\$ -	\$ -	\$ 17,499,872	\$ 655,644	\$ 18,155,516
Investment earnings	11,496	-	126,622	27,765	165,883
Student/school activity income	-	1,057,356	-	-	1,057,356
Food sales	884,879	-	-	-	884,879
Other	167,852	-	-	449,832	617,684
Total local sources	1,064,227	1,057,356	17,626,494	1,133,241	20,881,318
State sources	157,008	-	529,013	26,158	712,179
Federal sources	3,037,920	-	-	-	3,037,920
TOTAL REVENUES	4,259,155	1,057,356	18,155,507	1,159,399	24,631,417
EXPENDITURES					
Current					
Food service activities	3,998,340	-	-	-	3,998,340
Student/school activity expenses	-	1,365,037	-	-	1,365,037
Capital outlay	88,425	-	-	-	88,425
Debt service					
Principal repayment	-	-	7,281,417	-	7,281,417
Interest	-	-	10,932,368	-	10,932,368
Other	-	-	4,000	-	4,000
TOTAL EXPENDITURES	4,086,765	1,365,037	18,217,785	-	23,669,587
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	172,390	(307,681)	(62,278)	1,159,399	961,830
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	126,873	-	126,873
Transfers out	(130,000)	-	(126,873)	-	(256,873)
TOTAL OTHER FINANCING SOURCES (USES)	(130,000)	-	-	-	(130,000)
NET CHANGE IN FUND BALANCES	42,390	(307,681)	(62,278)	1,159,399	831,830
FUND BALANCES					
Beginning of year, as restated	1,093,990	1,750,781	1,817,069	1,765,534	6,427,374
End of year	\$ 1,136,380	\$ 1,443,100	\$ 1,754,791	\$ 2,924,933	\$ 7,259,204

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**FOOD SERVICE FUND**  
**YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 1,200,000	\$ 1,075,000	\$ 1,064,227	\$ (10,773)
State sources	150,000	155,000	157,008	2,008
Federal sources	2,700,000	3,000,000	3,037,920	37,920
TOTAL REVENUES	4,050,000	4,230,000	4,259,155	29,155
EXPENDITURES				
Current				
General administration	3,000	3,000	3,000	-
Food service activities and capital outlay	4,147,000	4,210,000	4,083,765	126,235
TOTAL EXPENDITURES	4,150,000	4,213,000	4,086,765	126,235
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,000)	17,000	172,390	155,390
OTHER FINANCING SOURCES (USES)				
Transfers out	(200,000)	(130,000)	(130,000)	-
NET CHANGE IN FUND BALANCE	\$ (300,000)	\$ (113,000)	42,390	\$ 155,390
FUND BALANCE				
Beginning of year			1,093,990	
End of year			\$ 1,136,380	

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**STUDENT/SCHOOL ACTIVITIES FUND**  
**YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Student/school activity income	\$ 1,150,000	\$ 1,150,000	\$ 1,057,356	\$ (92,644)
EXPENDITURES				
Current				
Student/school activity expenses	1,150,000	1,150,000	1,365,037	(215,037)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(307,681)	\$ (307,681)
FUND BALANCE				
Beginning of year, as restated			1,750,781	
End of year			\$ 1,443,100	

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
JUNE 30, 2020**

	1992	2012A Refunding	2012B Refunding	2014	2015 Refunding	2016 Refunding	2017 Refunding	2018	2019	Total Debt Service
ASSETS										
ASSETS										
Cash and cash equivalents	\$ 529,400	\$ 178,745	\$ 222,618	\$ 299,827	\$ 58,482	\$ 134,285	\$ 98,369	\$ 216,188	\$ 621	\$ 1,738,535
Due from other funds	-	-	-	-	-	-	-	-	44,971	44,971
Taxes receivable	7,835	1,188	1,921	1,744	1,188	329	605	3,791	986	19,587
TOTAL ASSETS	<u>\$ 537,235</u>	<u>\$ 179,933</u>	<u>\$ 224,539</u>	<u>\$ 301,571</u>	<u>\$ 59,670</u>	<u>\$ 134,614</u>	<u>\$ 98,974</u>	<u>\$ 219,979</u>	<u>\$ 46,578</u>	<u>\$ 1,803,093</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,971	\$ 43,971
Accounts payable	-	-	-	-	-	-	-	-	4,331	4,331
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	48,302	48,302
FUND BALANCES										
Restricted for debt service	537,235	179,933	224,539	301,571	59,670	134,614	98,974	219,979	(1,724)	1,754,791
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 537,235</u>	<u>\$ 179,933</u>	<u>\$ 224,539</u>	<u>\$ 301,571</u>	<u>\$ 59,670</u>	<u>\$ 134,614</u>	<u>\$ 98,974</u>	<u>\$ 219,979</u>	<u>\$ 46,578</u>	<u>\$ 1,803,093</u>

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUNDS  
YEAR ENDED JUNE 30, 2020**

	1992	2012A Refunding	2012B Refunding	2014	2015 Refunding	2016 Refunding	2017 Refunding	2018	2019	Total Debt Service
REVENUES										
Local sources										
Property taxes	\$ 6,999,954	\$ 1,061,282	\$ 1,716,116	\$ 1,558,053	\$ 1,061,282	\$ 293,547	\$ 541,928	\$ 3,405,031	\$ 862,679	\$ 17,499,872
Investment earnings	50,470	7,835	12,381	11,507	7,670	2,183	3,976	24,415	6,185	126,622
State sources	279,853	42,429	68,609	62,290	42,429	11,736	21,667	-	-	529,013
TOTAL REVENUES	7,330,277	1,111,546	1,797,106	1,631,850	1,111,381	307,466	567,571	3,429,446	868,864	18,155,507
EXPENDITURES										
Principal repayment	1,286,417	-	1,720,000	-	1,000,000	200,000	-	3,075,000	-	7,281,417
Interest	6,028,583	1,096,663	51,600	1,627,188	110,400	94,894	556,200	474,000	892,840	10,932,368
Other	250	250	250	250	500	500	500	500	1,000	4,000
Total expenditures	7,315,250	1,096,913	1,771,850	1,627,438	1,110,900	295,394	556,700	3,549,500	893,840	18,217,785
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,027	14,633	25,256	4,412	481	12,072	10,871	(120,054)	(24,976)	(62,278)
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	-	-	-	-	103,621	23,252	126,873
Transfers out	(67,121)	(10,413)	(16,453)	(14,941)	(10,173)	(2,814)	(4,958)	-	-	(126,873)
TOTAL OTHER FINANCING SOURCES (USES)	(67,121)	(10,413)	(16,453)	(14,941)	(10,173)	(2,814)	(4,958)	103,621	23,252	-
NET CHANGE IN FUND BALANCES	(52,094)	4,220	8,803	(10,529)	(9,692)	9,258	5,913	(16,433)	(1,724)	(62,278)
FUND BALANCES										
Beginning of year	589,329	175,713	215,736	312,100	69,362	125,356	93,061	236,412	-	1,817,069
End of year	\$ 537,235	\$ 179,933	\$ 224,539	\$ 301,571	\$ 59,670	\$ 134,614	\$ 98,974	\$ 219,979	\$ (1,724)	\$ 1,754,791



**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2020**

	Sinking Fund	Building Transfer	Total Nonmajor Capital Projects
<b>ASSETS</b>			
ASSETS			
Cash and cash equivalents	\$ 1,161,161	\$ 966,685	\$ 2,127,846
Investments	-	832,434	832,434
Accounts receivable	-	2,941	2,941
Due from other funds	-	538	538
Property taxes receivable	2,558	-	2,558
	<u>1,163,719</u>	<u>1,802,598</u>	<u>2,966,317</u>
<b>LIABILITIES AND FUND BALANCES</b>			
LIABILITIES			
Accounts payable	\$ 106	\$ -	\$ 106
Due to other funds	39,828	-	39,828
Unearned revenue	-	1,450	1,450
	<u>39,934</u>	<u>1,450</u>	<u>41,384</u>
<b>FUND BALANCES</b>			
Restricted	1,123,785	-	1,123,785
Assigned			
Capital projects	-	1,801,148	1,801,148
	<u>1,123,785</u>	<u>1,801,148</u>	<u>2,924,933</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,163,719</u>	<u>\$ 1,802,598</u>	<u>\$ 2,966,317</u>

**WEST OTTAWA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2020**

	<u>Sinking Fund</u>	<u>Building Transfer</u>	<u>Total Nonmajor Capital Projects</u>
REVENUES			
Property taxes	\$ 655,644	\$ -	\$ 655,644
Investment earnings	5,076	22,689	27,765
State sources	26,158	-	26,158
Other	<u>1,000</u>	<u>448,832</u>	<u>449,832</u>
TOTAL REVENUES	<u>687,878</u>	<u>471,521</u>	<u>1,159,399</u>
EXPENDITURES			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>687,878</u>	<u>471,521</u>	<u>1,159,399</u>
FUND BALANCES			
Beginning of year	<u>435,907</u>	<u>1,329,627</u>	<u>1,765,534</u>
End of year	<u><u>\$ 1,123,785</u></u>	<u><u>\$ 1,801,148</u></u>	<u><u>\$ 2,924,933</u></u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET TO ACTUAL**  
**SINKING FUND**  
**YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 630,000	\$ 685,000	\$ 687,878	\$ 2,878
EXPENDITURES				
Current:				
Capital outlay	1,000,000	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(370,000)	685,000	687,878	2,878
NET CHANGE IN FUND BALANCE	<u>\$ (370,000)</u>	<u>\$ 685,000</u>	687,878	<u>\$ 2,878</u>
FUND BALANCE				
Beginning of year			<u>435,907</u>	
End of year			<u>\$ 1,123,785</u>	

**WEST OTTAWA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2020**

2012 Series A Refunding Bonds

June 30,	Interest Rate	Principal Due May 1,	Interest Due		Total Due annually
			May 1	November 1	
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>\$ 3,130,079</u>	<u>\$ 3,130,079</u>	<u>\$ 29,790,158</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, 2020**

2014 Building and Site Bonds

June 30,	Interest Rate	Principal Due May 1,	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 7,476,000</u>	<u>\$ 7,476,003</u>	<u>\$ 50,552,003</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, 2020**

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>	
2021	3.00%	\$ 2,000,000	\$ 40,200	\$ 40,200	\$ 2,080,400
2022	3.00%	<u>680,000</u>	<u>10,200</u>	<u>10,200</u>	<u>700,400</u>
Total 2015 bonded debt		<u>\$ 2,680,000</u>	<u>\$ 50,400</u>	<u>\$ 50,400</u>	<u>\$ 2,780,800</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, 2020**

2016 Refunding Bonds

<u>June 30,</u>	<u>Interest Rate</u>	<u>Principal Due November 1,</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
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%	<u>870,000</u>	<u>-</u>	<u>7,352</u>	<u>877,352</u>
Total 2016 bonded debt		<u>\$ 5,515,000</u>	<u>\$ 113,654</u>	<u>\$ 160,256</u>	<u>\$ 5,788,910</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, 2020**

2017 Refunding Bonds

June 30,	Interest Rate	Principal Due November 1,	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 1,541,625</u>	<u>\$ 1,819,725</u>	<u>\$ 16,196,350</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, 2020**

2018 Building and Site Bonds

June 30,	Interest Rate	Principal Due November 1,	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 8,450,000</u>	<u>\$ 1,872,500</u>	<u>\$ 2,078,750</u>	<u>\$ 12,401,250</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, 2020**

2019 Building and Site Bonds

June 30,	Interest Rate	Principal Due November 1,	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 6,593,250</u>	<u>\$ 6,593,250</u>	<u>\$ 35,376,500</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 \$22,190,000.

**WEST OTTAWA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2020**

2020 Building and Site Bonds

June 30,	Interest Rate	Principal Due November 1,	Interest Due		Total Due Annually
			May 1	November 1	
2021		\$ -	\$ 147,000	\$ 102,900	\$ 249,900
2022		-	147,000	147,000	294,000
2023		-	147,000	147,000	294,000
2024		-	147,000	147,000	294,000
2025		-	147,000	147,000	294,000
2026		-	147,000	147,000	294,000
2027		-	147,000	147,000	294,000
2028	4.00%	2,175,000	147,000	147,000	2,469,000
2029	4.00%	2,425,000	103,500	103,500	2,632,000
2030	4.00%	2,750,000	55,000	55,000	2,860,000
Total 2020 bonded debt		<u>\$ 7,350,000</u>	<u>\$ 1,334,500</u>	<u>\$ 1,290,400</u>	<u>\$ 9,974,900</u>

The above bonds dated June 25, 2020 were issued for the purpose of school building and site. The amount of the original bond issue was \$7,350,000.

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**WEST OTTAWA PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
STATISTICAL SECTION OVERVIEW  
2019 - 2020**

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**  
**2011 - 2020**

<i>Year ended June 30,</i>	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 5,870,709	\$ 10,876,764	\$ 14,641,571	\$ 21,202,608
Restricted	913,636	1,492,434	2,241,731	2,250,471
Unrestricted	16,038,850	12,030,077	12,206,291	13,312,827
<b>Total Primary Government Net Position</b>	<b>\$ 22,823,195</b>	<b>\$ 24,399,275</b>	<b>\$ 29,089,593</b>	<b>\$ 36,765,906</b>

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

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

<sup>3</sup> Net position was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB Statement 84.



**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Net Position by Component**  
**2011 - 2020**

Fiscal Year					
2015 <sup>1</sup>	2016	2017	2018 <sup>2</sup>	2019	2020 <sup>3</sup>
\$ 28,235,005	\$ 34,551,245	\$ 42,699,323	\$ 50,772,203	\$ 65,795,204	\$ 64,828,780
1,111,022	1,252,900	462,650	1,660,242	453,808	2,025,560
(86,077,638)	(86,417,225)	(84,840,964)	(126,463,911)	(129,519,145)	(134,084,592)
\$ (56,731,611)	\$ (50,613,080)	\$ (41,678,991)	\$ (74,031,466)	\$ (63,270,133)	\$ (67,230,252)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Expenses, Program Revenues, and Net Expense**  
**2011 - 2020**

<i>Year Ended June 30,</i>	Fiscal Year			
	2011	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>
<b>Expenses</b>				
Governmental Activities				
Instruction	\$ 45,282,922	\$ 45,638,324	\$ 45,071,399	\$ 45,505,240
Support services	22,800,189	21,896,188	20,657,796	20,114,506
Community services	33,623	877,845	332,842	318,932
Food services	3,026,866	3,309,239	3,302,496	3,308,115
Athletics	979,095	-	-	-
Child care	442,618	-	-	-
Student/school activities	-	-	-	-
Outgoing transfers and other	-	6,738	3,042	1,639
Interest on long-term debt	6,716,136	6,333,589	6,048,141	5,710,959
Unallocated depreciation	4,420,723	4,040,523	4,140,117	3,633,795
Loss on disposition of assets	776	-	-	-
<b>Total Expenses</b>	<b>83,702,948</b>	<b>82,102,446</b>	<b>79,555,833</b>	<b>78,593,186</b>
<b>Program Revenues</b>				
Governmental Activities				
Charges for services:				
Instruction	-	-	-	-
Support services	1,324,113	511,520	419,388	204,213
Community services	-	472,395	29,947	-
Food services	1,113,724	1,136,823	1,045,313	1,085,180
Child care services	442,617	-	-	-
Operating grants and contributions	20,084,722	10,457,728	11,879,532	13,142,471
<b>Total Program Revenues</b>	<b>22,965,176</b>	<b>12,578,466</b>	<b>13,374,180</b>	<b>14,431,864</b>
<b>Net Expense</b>	<b>\$ (60,737,772)</b>	<b>\$ (69,523,980)</b>	<b>\$ (66,181,653)</b>	<b>\$ (64,161,322)</b>

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

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Expenses, Program Revenues, and Net Expense**  
**2011 - 2020**

Fiscal Year					
2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>	2018 <sup>1</sup>	2019 <sup>1</sup>	2020 <sup>1</sup>
\$ 46,521,013	\$ 48,231,758	\$ 49,124,124	\$ 51,831,632	\$ 51,468,755	\$ 54,870,445
19,682,129	20,069,557	19,777,059	21,253,780	22,159,225	34,455,672
316,322	300,021	271,776	288,892	262,576	343,025
3,534,078	3,489,817	3,864,801	3,745,830	3,778,367	4,199,900
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,365,037
4,150	3,225	-	-	-	-
6,306,720	5,396,764	5,225,389	4,713,177	4,707,960	7,576,075
3,980,048	3,918,569	4,457,804	4,037,812	3,738,642	4,773,258
-	-	-	-	-	-
80,344,460	81,409,711	82,720,953	85,871,123	86,115,525	107,583,412
82,374	34,882	109,019	103,051	104,598	76,574
59,039	119,605	130,975	134,694	96,387	101,745
-	-	-	-	-	-
1,046,469	1,030,297	1,170,296	1,120,049	1,183,173	1,052,731
-	-	-	-	-	-
13,853,104	13,200,958	17,038,196	18,719,153	18,569,936	20,788,727
15,040,986	14,385,742	18,448,486	20,076,947	19,954,094	22,019,777
\$ (65,303,474)	\$ (67,023,969)	\$ (64,272,467)	\$ (65,794,176)	\$ (66,161,431)	\$ (85,563,635)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**General Revenues and Total Change in Net Position**  
**2011 - 2020**

<i>Year Ended June 30,</i>	Fiscal Year			
	2011	2012	2013 <sup>1</sup>	2014
<b>Net Expense</b>	\$ (60,737,772)	\$ (69,523,980)	\$ (66,181,653)	\$ (64,161,322)
<b>General Revenues</b>				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	11,402,935	10,677,549	10,564,165	10,534,974
Property taxes levied for debt service	12,437,028	12,848,930	14,239,656	14,532,941
Property taxes levied for repair & improvement	568,587	550,079	549,866	561,406
State sources	39,871,772	40,119,866	40,510,276	40,102,845
Intermediate sources	-	6,484,970	5,501,414	5,621,831
Unrestricted federal sources	-	128,606	-	-
Interest and investment earnings	36,822	23,231	42,596	43,930
Miscellaneous	-	266,829	229,134	439,708
<b>Total General Revenues</b>	<b>64,317,144</b>	<b>71,100,060</b>	<b>71,637,107</b>	<b>71,837,635</b>
<b>Change in Net Position</b>	<b>3,579,372</b>	<b>1,576,080</b>	<b>5,455,454</b>	<b>7,676,313</b>
Prior period adjustment or restatement	-	-	(765,136)	-
<b>Net Position- Beginning of Year</b>	<b>19,243,823</b>	<b>22,823,195</b>	<b>24,399,275</b>	<b>29,089,593</b>
<b>Net Position- End of Year</b>	<b>\$ 22,823,195</b>	<b>\$ 24,399,275</b>	<b>\$ 29,089,593</b>	<b>\$ 36,765,906</b>

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

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

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

<sup>4</sup> Net position was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB Statement 84.

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**General Revenues and Total Change in Net Position**  
**2011 - 2020**

Fiscal Year					
2015 <sup>2</sup>	2016	2017	2018 <sup>3</sup>	2019	2020 <sup>4</sup>
\$ (65,303,474) \$	(67,023,969) \$	(64,272,467) \$	(65,794,176) \$	(66,161,431) \$	(85,563,635)
10,841,989	11,228,825	11,519,032	11,782,053	12,177,760	12,822,624
14,976,832	15,519,729	15,292,320	15,827,830	16,566,276	17,499,872
578,595	598,985	587,702	604,000	626,633	655,644
40,899,930	39,589,543	39,447,322	39,676,076	40,917,323	40,004,363
5,195,761	5,084,906	5,548,347	5,424,135	5,196,732	6,837,972
-	-	-	-	-	-
542,258	354,031	268,130	321,171	956,133	1,504,145
350,297	766,481	543,703	546,823	481,907	528,115
73,385,662	73,142,500	73,206,556	74,182,088	76,922,764	79,852,735
8,082,188	6,118,531	8,934,089	8,387,912	10,761,333	(5,710,900)
(101,579,705)	-	-	(40,740,387)	-	1,750,781
36,765,906	(56,731,611)	(50,613,080)	(41,678,991)	(74,031,466)	(63,270,133)
\$ (56,731,611) \$	(50,613,080) \$	(41,678,991) \$	(74,031,466) \$	(63,270,133) \$	(67,230,252)

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Fund Balances - Governmental Funds**  
**2011 - 2020**

<i>Year Ended June 30,</i>	Fiscal Year			
	2011	2012	2013	2014
<b>General Fund</b>				
Nonspendable	\$ 151,220	\$ 60,958	\$ 40,886	\$ 206,354
Assigned	-	3,389,000	1,606,000	296,000
Unassigned	14,090,448	8,178,206	9,715,816	11,745,876
<b>Total General Fund</b>	14,241,668	11,628,164	11,362,702	12,248,230
<b>All Other Governmental Funds</b>				
Nonspendable	41,442	48,052	18,284	40,464
Restricted for capital projects	564,768	217,452	395,948	46,594,256
Restricted for debt service	1,067,642	898,062	1,478,770	2,017,266
Restricted for food service	1,159,201	1,057,791	897,154	1,101,611
Restricted for child care	71,039	8,397	-	-
Committed for student/school activities	-	-	-	-
Assigned	308,660	478,298	1,000,636	1,196,468
<b>Total All Other Governmental Funds</b>	3,212,752	2,708,052	3,790,792	50,950,065
<b>Total Fund Balances</b>	\$ 17,454,420	\$ 14,336,216	\$ 15,153,494	\$ 63,198,295

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Fund Balances - Governmental Funds**  
**2011 - 2020**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 39,794	\$ 45,425	\$ 115,131	\$ 125,504	\$ 120,887	\$ 192,430
1,410,000	1,290,000	-	-	700,000	208,000
11,823,540	11,916,028	14,830,562	15,906,096	14,906,908	16,217,142
13,273,334	13,251,453	14,945,693	16,031,600	15,727,795	16,617,572
33,545	24,651	41,590	17,083	23,862	7,005
45,171,998	36,226,730	17,163,082	24,232,785	43,904,226	45,533,169
1,092,934	1,618,110	1,389,622	1,982,836	1,817,069	1,754,791
991,434	1,019,572	819,499	973,571	1,070,128	1,129,375
-	-	-	-	-	-
-	-	-	-	-	1,443,100
1,542,944	2,608,419	3,478,105	945,093	1,329,627	1,801,148
48,832,855	41,497,482	22,891,898	28,151,368	48,144,912	51,668,588
\$ 62,106,189	\$ 54,748,935	\$ 37,837,591	\$ 44,182,968	\$ 63,872,707	\$ 68,286,160

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Revenues**  
**2011 - 2020**

<i>Year Ended June 30,</i>	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal grants	\$ 6,814,102	\$ 3,517,192	\$ 3,053,173	\$ 2,950,098
Food service fund	2,148,222	2,192,108	2,425,094	2,476,803
Total federal sources	8,962,324	5,709,300	5,478,267	5,426,901
<b>State Sources</b>				
Restricted	4,528,252	5,032,571	6,482,987	7,715,570
Unrestricted	39,871,772	40,119,866	40,510,276	40,102,845
Total state sources	44,400,024	45,152,437	46,993,263	47,818,415
<b>Other Governmental Units</b>				
Ottawa Area ISD and other districts	7,046,040	6,512,865	5,501,414	5,624,904
Miscellaneous	-	-	-	-
Total other governmental units	7,046,040	6,512,865	5,501,414	5,624,904
<b>Local Sources</b>				
Property taxes	24,419,628	24,086,820	25,353,687	25,629,321
Student/school activity income	-	-	-	-
Food service fund	1,105,562	1,582,488	1,071,682	1,049,624
Child care fund	442,617	-	-	-
Interest and other income	36,823	18,231	42,596	40,576
Miscellaneous	644,572	782,184	569,343	649,554
Total local sources	26,649,202	26,469,723	27,037,308	27,369,075
<b>Total Revenues</b>	\$ 87,057,590	\$ 83,844,325	\$ 85,010,252	\$ 86,239,295



**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Revenues**  
**2011 - 2020**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 2,728,324	\$ 3,009,257	\$ 2,848,826	\$ 2,700,591	\$ 3,081,656	\$ 3,222,425
2,646,955	2,776,066	2,787,516	2,702,355	2,748,904	3,037,920
5,375,279	5,785,323	5,636,342	5,402,946	5,830,560	6,260,345
8,477,825	10,487,460	11,849,137	13,172,346	13,012,964	13,385,378
40,899,930	39,589,543	39,447,322	39,676,076	40,917,323	40,004,363
49,377,755	50,077,003	51,296,459	52,848,422	53,930,287	53,389,741
5,195,761	5,302,526	5,633,943	5,424,135	5,196,732	6,837,972
-	7,352	29,425	25,190	83,061	63,163
5,195,761	5,309,878	5,663,368	5,449,325	5,279,793	6,901,135
26,393,704	27,347,539	27,399,054	28,213,883	29,370,669	30,978,140
-	-	-	-	-	1,057,356
1,027,290	1,022,345	1,140,209	1,080,728	1,030,557	884,879
-	-	-	-	-	-
484,416	354,031	268,130	321,171	956,133	1,504,145
622,934	935,948	710,348	884,227	740,028	811,123
28,528,344	29,659,863	29,517,741	30,500,009	32,097,387	35,235,643
\$ 88,477,139	\$ 90,832,067	\$ 92,113,910	\$ 94,200,702	\$ 97,138,027	\$ 101,786,864

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Expenditures and Debt Service Ratio**  
**2011 - 2020**

<i>Year Ended June 30,</i>	Fiscal Year			
	2011	2012	2013	2014
<b>Expenditures</b>				
Instruction	\$ 45,282,922	\$ 45,663,725	\$ 45,041,645	\$ 45,585,350
Pupil support services	3,422,480	3,173,393	3,522,959	3,364,906
Instructional support services	3,102,790	2,155,466	1,738,073	2,014,383
General administration	504,355	483,323	420,083	449,041
School administration	3,941,152	4,036,416	3,732,852	3,467,188
Business services	747,092	733,471	596,879	579,158
Operations and maintenance	6,352,968	5,911,210	5,434,338	5,500,296
Pupil transportation services	3,036,915	4,051,102	3,239,750	2,483,522
Central support services	1,423,447	1,420,056	1,514,610	1,339,048
Other support services	979,095	1,145,113	1,134,074	1,254,638
Community services	33,623	342,769	294,478	318,932
Student/school activity expenses	-	-	-	-
Food service	3,026,866	3,309,241	3,357,104	3,314,534
Child care	442,618	535,076	38,364	-
Capital outlay	872,234	977,788	402,899	844,711
Debt service				
Principal	6,150,473	6,155,907	7,486,519	7,576,096
Interest and other	6,730,228	6,868,473	7,245,549	6,629,509
<b>Total Expenditures</b>	<b>\$ 86,049,258</b>	<b>\$ 86,962,529</b>	<b>\$ 85,200,176</b>	<b>\$ 84,721,312</b>
<b>Debt Service as a Percentage of</b>				
<b>Noncapital Expenditures</b>	<b>15.1%</b>	<b>15.1%</b>	<b>17.4%</b>	<b>16.9%</b>

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Governmental Funds Expenditures and Debt Service Ratio**  
**2011 - 2020**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 46,734,889	\$ 48,351,220	\$ 48,737,298	\$ 49,227,253	\$ 49,305,510	\$ 49,502,820
3,608,641	3,610,729	3,714,878	3,869,853	4,024,272	4,451,443
2,473,457	2,681,827	2,425,123	2,509,976	2,999,980	3,603,281
449,215	517,412	538,696	599,846	804,495	632,825
3,383,404	3,292,150	3,279,984	3,419,486	3,694,359	4,187,677
551,582	619,535	579,649	613,449	648,581	819,069
5,174,966	5,451,672	5,245,591	5,791,705	6,474,669	6,381,202
2,478,460	2,388,738	2,409,560	2,499,977	2,721,551	2,610,100
1,094,908	912,834	909,015	1,179,456	1,099,088	917,221
1,160,287	1,314,558	1,121,906	1,234,993	1,329,613	1,449,110
316,322	300,021	271,776	288,892	262,576	343,025
-	-	-	-	-	1,365,037
3,551,991	3,500,560	3,855,129	3,742,606	3,643,941	3,998,340
-	-	-	-	-	-
2,572,792	9,519,456	18,648,593	11,997,640	8,944,181	9,581,439
6,807,728	6,478,522	6,607,650	6,656,750	7,603,957	7,281,417
8,169,220	8,732,097	9,393,359	9,431,288	9,981,873	11,032,390
\$ 88,527,862	\$ 97,671,331	\$ 107,738,207	\$ 103,063,170	\$ 103,538,646	\$ 108,156,396
17.4%	17.3%	18.2%	17.2%	18.7%	18.6%

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Other Financing Sources (Uses) and Net Change**  
**in Fund Balances, Governmental Funds**  
**2011 - 2020**

<i>Year ended June 30,</i>	Fiscal Year			
	2011	2012	2013	2014
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ 1,008,332	\$ (3,118,204)	\$ (189,924)	\$ 1,517,983
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	62,895,000	42,500,000
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	4,907,100	4,025,736
Payment to escrow agent	-	-	(66,751,890)	-
Proceeds from sale of capital assets	-	-	-	30,204
Bus lease payments	(305,159)	-	-	-
Transfers in	219,223	580,204	968,954	235,258
Transfers out	(219,223)	(580,204)	(968,954)	(235,258)
Other	-	-	(43,008)	(29,122)
<b>Total Other Financing Sources (Uses)</b>	(305,159)	-	1,007,202	46,526,818
<b>Net Change in Fund Balances</b>	\$ 703,173	\$ (3,118,204)	\$ 817,278	\$ 48,044,801

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Financial Trends**  
**Other Financing Sources (Uses) and Net Change**  
**in Fund Balances, Governmental Funds**  
**2011 - 2020**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (50,723)	\$ (6,839,264)	\$ (16,906,140)	\$ (8,862,468)	\$ (6,400,619)	\$ (6,369,532)
-	-	-	13,795,000	22,190,000	7,350,000
6,580,000	-	5,715,000	12,835,000	-	-
469,680	-	-	3,180,184	3,887,940	1,682,204
(8,001,140)	-	(5,673,744)	(14,611,442)	-	-
7,049	-	-	9,103	12,418	-
-	-	-	-	-	-
1,704,831	216,282	1,788,900	407,918	256,229	256,873
(1,704,831)	(216,282)	(1,788,900)	(407,918)	(256,229)	(256,873)
(96,972)	(517,990)	(1,328,303)	-	-	-
(1,041,383)	(517,990)	(1,287,047)	15,207,845	26,090,358	9,032,204
\$ (1,092,106)	\$ (7,357,254)	\$ (18,193,187)	\$ 6,345,377	\$ 19,689,739	\$ 2,662,672

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## **REVENUE AND DEBT CAPACITY**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue and Debt Capacity**  
**Taxable Value and Actual Value of Taxable Property**  
**Fiscal Years 2010-2011 through 2019-2020**  
**(rate per \$1,000 of assessed value)**

<i><b>Tax Year</b></i>	<b>Fiscal Year</b>	<b>Estimated Market Value</b>	<b>State Equalized Value</b>
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
2019	2019-20	5,682,440,000	2,841,220,000



**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue and Debt Capacity**  
**Taxable Value and Actual Value of Taxable Property**  
**Fiscal Years 2010-2011 through 2019-2020**  
**(rate per \$1,000 of assessed value)**

Taxable Value			District Tax Rates			
Non-Homestead Property	Homestead Property	Total	Operating	Debt	Other	Total
\$ 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
776,497,316	1,450,957,812	2,227,455,128	18.0000	7.7500	0.2909	26.0409

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue and Debt Capacity**  
**Direct and Overlapping Property Tax Rates**  
**Fiscal Years 2010-2011 through 2019-2020**  
**(rate per \$1,000 of assessed value)**

**District Tax Rates**

<i><b>Tax Year</b></i>	<b>Fiscal Year</b>	<b>Operating</b>	<b>Debt</b>	<b>Other</b>	<b>Total</b>
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
2019	2019-20	18.0000	7.7500	0.2909	26.0409

Source: Ottawa County Equalization Department and District records.

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue and Debt Capacity**  
**Direct and Overlapping Property Tax Rates**  
**Fiscal Years 2010-2011 through 2019-2020**  
**(rate per \$1,000 of assessed value)**

<b>Overlapping Rates</b>			
<b>Port Sheldon Township</b>	<b>Holland Township</b>	<b>Park Township</b>	<b>Olive Township</b>
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
1.4488	4.8600	2.9180	4.4352

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

<i>Year Ended December 31,</i>			<b>2019</b>		
<b>Taxpayer</b>	<b>Ad Valorem Taxable Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Value</b>	<b>Equivalent Industrial Facilities Tax (IFT)</b>	<b>IFT and Taxable Value</b>
Request Foods	\$ 15,417,612	1	0.69%	\$ 1,235,250	\$ 16,652,862
Consumers Energy Co.	13,555,710	2	0.61%	-	13,555,710
L Perrigo Company	5,202,662	3	0.23%	5,187,597	10,390,259
Grandquest Realty LLC	9,706,020	4	0.44%	-	9,706,020
Yes Companies Fred LLC	7,931,700	5	0.36%	-	7,931,700
CW Clearview LLC	7,447,787	6	0.33%	-	7,447,787
Occidental Development LTD	5,715,629	7	0.26%	-	5,715,629
Westshore Mall Investors LLC	5,095,347	8	0.23%	-	5,095,347
Holland   Medical Properties LLC	5,059,801	9	0.23%	-	5,059,801
D F G Felch Street LLC	5,006,214	10	0.22%	-	5,006,214
Hoover Universal, Inc					
Boars Head Provisions					
Geenen DeKock Prop. LLC					
DRG Clearview LLC					
Donnelly Corp.					
Metal Flow Corp.					
Lakeshore Campus LLC					
<b>Total principal taxpayers</b>	<b>80,138,482</b>		<b>3.60%</b>	<b>\$ 6,422,847</b>	<b>\$ 86,561,329</b>
<b>Balance of valuations</b>	<b>2,147,316,646</b>		<b>96.40%</b>		
<b>Total Ad Valorem Valuation</b>	<b>\$ 2,227,455,128</b>		<b>100.00%</b>		

\*NOTE: District Annual Disclosure

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

2010					
Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value	
\$ 5,856,700	1	0.32%	\$ 16,512,900	\$	22,369,600
8,136,874	5	0.44%	-		8,136,874
5,865,600	9	0.32%	-		5,865,600
-	2	0.00%	20,906,700		20,906,700
4,407,500	3	0.24%	8,788,900		13,196,400
9,064,113	4	0.49%	-		9,064,113
7,528,400	6	0.41%	-		7,528,400
6,245,000	7	0.34%	1,270,400		7,515,400
4,334,100	8	0.24%	1,689,100		6,023,200
5,725,600	10	0.31%	-		5,725,600
57,163,887		3.10%	\$ 49,168,000	\$	106,331,887
1,890,986,295		96.90%			
\$ 1,948,150,182		100.00%			

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue and Debt Capacity**  
**Property Tax Levies and Collections**  
**Fiscal Years 2010-2011 through 2019-2020**

<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>
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%
2019	2019-20	12,843,336	12,822,203	99.84%	19,445	12,841,648	99.99%

\*NOTE: District Annual Disclosure

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue and Debt Capacity**  
**Outstanding Debt by Type**  
**Fiscal Years 2010-2011 through 2019-2020**

<i>Tax Year</i>	<i>Fiscal Year</i>	<b>General Obligation</b>		<b>Outstanding Debt</b>		<b>Estimated</b>	<b>Net Outstanding</b>	<b>Taxable</b>
		<b>Bonds</b>	<b>Total Taxable Value</b>	<b>as a % of Taxable Value</b>	<b>Population</b>	<sup>1</sup>	<b>Debt Per Capita</b>	<b>Value Per Capita</b>
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	90,590,373	2,008,222,986	4.51%	52,569		1,723	38,202
2018	2018-19	82,986,416	2,106,000,207	3.94%	53,224		1,559	39,569
2019	2019-20	75,705,000	2,227,455,128	3.40%	54,820		1,381	40,632

<sup>1</sup> Estimated based on an extrapolation of the U.S. Census figures of the local units within the School District.  
Source: Ottawa County Equalization Department and District records.

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue and Debt Capacity**  
**Ratio of Outstanding Debt**  
**Fiscal Years 2010-2011 through 2019-2020**

<i>Tax Year</i>	<i>Fiscal Year</i>	<b>General Obligation Bonds</b>	<b>Less Pledged Debt Retirement Fund Balance</b>	<b>Net General Bonded Debt</b>	<b>State Equalized Value (SEV)</b>	<b>Percent of Net Bonded Debt to State Equalized Value (SEV)</b>	<b>Percent of Bonded Debt to Estimated Actual Value of Taxable Property</b>	<b>Estimated Population <sup>1</sup></b>	<b>Net General Bonded Debt per Capita</b>
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
2019	2019-20	75,705,000	-	75,705,000	2,841,220,000	2.66%	5.33%	54,820	1,381

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



**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Revenue and Debt Capacity**  
**Direct and Overlapping Governmental Activities Debt**  
**as of June 30, 2020**

*Year Ended June 30, 2020*

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Holland Township	\$ 21,397,001	70.08%	\$ 14,995,018
Olive Township	322,795	44.28%	142,934
Park Township	3,128,676	87.90%	2,750,106
Port Sheldon Township	204,908	43.64%	89,422
Ottawa County	34,381,968	18.61%	6,398,484
Ottawa County ISD	635,000	16.45%	104,458
Subtotal, overlapping debt			<u>24,480,422</u>
<b>District Direct Debt</b>			<u>75,705,000</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 100,185,422</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 and Debt Capacity**  
**Legal Debt Margin Information**  
**Fiscal Years 2010-2011 through 2019-2020**

**Legal Debt Margin Calculation for Fiscal Year 2018-19:**

State Equalized Valuation (SEV), July 1, 2019	\$ 2,841,220,000
Statutory Debt Limit (15% of SEV)	426,183,000
Debt applicable to limit	<b>75,705,000</b>

<b>Legal Debt Margin</b>	<b>\$ 350,478,000</b>
--------------------------	-----------------------

<i><b>Tax Year</b></i>	<i><b>Fiscal Year</b></i>	<i><b>State Equalized Value (SEV)</b></i>	<i><b>Statutory Debt Limit 15% of SEV</b></i>	<i><b>Debt Subject to Debt Limit</b></i>	<i><b>Legal Debt Margin</b></i>	<i><b>Debt as a Percentage of Debt Limit</b></i>
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	90,590,373	283,209,492	24.23%
2018	2018-19	2,609,927,500	391,489,125	82,986,416	308,502,709	21.20%
2019	2019-20	2,841,220,000	426,183,000	75,705,000	350,478,000	17.76%

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Demographic and Economic Information**  
**Demographic and Economic Statistics**  
**Fiscal Years 2010-2011 through 2019-2020**

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>Estimated Population</i>	<u>Unemployment <sup>1</sup></u>			<i>Inflation Rate <sup>2</sup></i>	<u>Personal Income <sup>3</sup></u>	
			<i>City of Holland and Grand Haven</i>	<i>County of Ottawa</i>	<i>State of Michigan</i>		<i>Total (in thousands)</i>	<i>Per Capita</i>
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%	14,355,612	49,418
2019	2019-20	54,820	N/A	11.0%	14.8%	0.6%	N/A	N/A

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

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

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

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

<i>Year Ended December 31,</i>			2019	2010	
<b>Employer</b>	<b>Type of Business</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
Gentex Corporation	Automotive Mirrors	1	3.7%	3	2.1%
Herman Miller	Office Furniture	2	2.5%	1	3.1%
Grand Valley State University (3)	Higher Education	3	2.3%	4	1.6%
Haworth (2)	Office Furniture	4	1.4%	6	1.4%
Holland Hospital	Health Care	5	1.4%	5	1.5%
Magna Mirrors (2)	Automotive Mirrors	6	1.2%	8	1.1%
YanFeng	Automotive Interior Parts	7	1.2%		
Shape Corporation	Metal Roll Forming	8	1.1%	10	0.9%
Meijer	Retailer	9	0.8%	6	1.1%
County of Ottawa	Government	10	0.8%	9	1.0%
Johnson Controls (2)	Automotive Interior Parts			2	2.2%
			<hr/>	<hr/>	
			<hr/>	<hr/>	
			16.4%	16.0%	

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

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

<sup>3</sup> Non-student employees; also includes Grand Rapids & Muskegon

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Demographic and Economic Information**  
**Full-Time-Equivalent District Employees by Type**  
**Fiscal Years 2010-2011 through 2019-2020**

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

<b>Employee Category</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Administrators	28	28	29	29	27	29	27	31	33	33
Teachers	439	439	442	424	425	425	425	424	411	399
Clerical/Secretarial	39	44	42	40	35	35	35	26	25	31
Food Service	67	58	50	59	61	59	61	58	57	47
Educational Assistants/Clerks	116	71	58	69	68	73	68	73	75	76
Paraprofessionals	13	-	-	-	-	-	-	-	-	-
Maintenance/Grounds/Custodi	52	34	29	22	22	20	22	17	11	12
Bus Drivers/Mechanics	68	61	63	68	66	63	66	60	63	49
Data/Technology Services	6	5	5	5	4	4	4	3	3	3
Child Care	16	-	-	-	-	-	-	-	-	-
Security/Other	-	9	9	9	8	6	8	5	5	5
<b>Total</b>	<b>844</b>	<b>749</b>	<b>727</b>	<b>725</b>	<b>716</b>	<b>714</b>	<b>716</b>	<b>697</b>	<b>683</b>	<b>655</b>

\*NOTE: District Annual Disclosure

## **OPERATIONAL INFORMATION**

**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Operational Information**  
**Operating Statistics**  
**Fiscal Years 2010-2011 through 2019-2020**

<b>Fiscal Year</b>	<b>Enrollment <sup>1</sup></b>	<b>Percent Change</b>	<b>Operating Expenditures <sup>2</sup></b>	<b>Percent Change</b>	<b>Cost Per Pupil</b>	<b>Percent Change</b>	<b>Percent of Students Receiving Free or Reduced-Price Meals <sup>3</sup></b>
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	-1.59%	74,643,582	4.79%	11,076	5.89%	54.95%
2019-20	6,682	-0.85%	75,294,196	0.87%	11,268	1.73%	52.45%

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

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

<sup>3</sup> State of Michigan Center for Educational Performance and Information (CEPI).



**WEST OTTAWA PUBLIC SCHOOLS**  
**Comprehensive Annual Financial Report**  
**Operational Information**  
**School Building Information**  
**June 30, 2020**

*Year Ended June 30, 2020*

<b>Site</b>	<b>Grade Configuration</b>	<b>Acreage</b>	<b>Date Originally Constructed</b>	<b>Additions</b>	<b>Square Feet</b>
Glerum Transportation Center	N/A	17.14	1953*	1973,1992,1997	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, 2020**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2019	Prior Year Expenditures (Memo Only)	Adjustments and Transfers	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue June 30, 2020
<b>U.S. Department of Agriculture</b>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance (Commodities)									
National School Lunch Program - Commodities	10.555		\$ 218,665	\$ -	\$ -	\$ -	\$ 218,665	\$ 218,665	\$ -
Non-Cash Assistance Subtotal			218,665	-	-	-	218,665	218,665	-
Cash Assistance									
National School Lunch Program - Free & Reduced	10.555	201960	1,012,677	-	-	-	1,012,677	1,012,677	-
National School Lunch Program - Free & Reduced	10.555	191960	1,703,889	37,502	1,464,819	-	239,070	276,572	-
COVID-19 National School Lunch Program	10.555	200902	989,549	-	-	-	989,549	789,775	199,774
National School Lunch Program - Afterschool Snack	10.555	201980	7,172	-	-	-	7,172	7,172	-
National School Lunch Program - Afterschool Snack	10.555	191980	15,950	120	15,033	-	917	1,037	-
			3,729,237	37,622	1,479,852	-	2,249,385	2,087,233	199,774
Total CFDA #10.555 National School Lunch Program			3,947,902	37,622	1,479,852	-	2,468,050	2,305,898	199,774
School Breakfast Program	10.553	201970	393,832	-	-	-	393,832	393,832	-
School Breakfast Program	10.553	191970	648,619	18,669	567,253	-	81,366	100,035	-
			1,042,451	18,669	567,253	-	475,198	493,867	-
Summer Food Service Program for Children	10.559	190900/191900	60,065	-	-	-	39,075	39,075	-
Summer Food Service Program for Children	10.559	190900/191900	66,158	20,990	65,132	-	-	20,990	-
			126,223	20,990	65,132	-	39,075	60,065	-
Cash Assistance Subtotal			4,897,911	77,281	2,112,237	-	2,763,658	2,641,165	199,774
Total Child Nutrition Cluster			5,116,576	77,281	2,112,237	-	2,982,323	2,859,830	199,774
Child and Adult Care Food Program	10.558	202010/201920	37,361	-	-	-	37,361	37,361	-
Child and Adult Care Food Program	10.558	192010/191920	8,269	-	-	-	8,269	8,269	-
Total Child and Adult Care Food Program			45,630	-	-	-	45,630	45,630	-
Child Nutrition Discretionary Grants - Equipment Assistance Grant	10.579	181991	9,967	-	-	-	9,967	9,967	-
			9,967	-	-	-	9,967	9,967	-
Total U.S. Department of Agriculture			5,172,173	77,281	2,112,237	-	3,037,920	2,915,427	199,774

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2019	Prior Year Expenditures (Memo Only)	Adjustments and Transfers	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue June 30, 2020
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	201530-1920	\$ 1,177,405	\$ -	\$ -	\$ -	\$ 1,097,951	\$ 981,715	\$ 116,236
Title I Grants to Local Educational Agencies	84.010	191530-1819	1,293,649	106,319	1,053,724	-	-	106,319	-
			<u>2,471,054</u>	<u>106,319</u>	<u>1,053,724</u>	<u>-</u>	<u>1,097,951</u>	<u>1,088,034</u>	<u>116,236</u>
Migrant Education State Grant Program (School Year)	84.011	201890-1920	148,659	-	-	-	117,045	110,249	6,796
Migrant Education State Grant Program (School Year)	84.011	191890-1819	226,933	7,602	124,987	196	-	7,798	-
Migrant Education State Grant Program (Summer)	84.011A	201830-1920	163,655	-	-	-	16,188	-	16,188
Migrant Education State Grant Program (Summer)	84.011A	191830-1819	299,033	43,635	43,635	-	171,851	215,486	-
			<u>838,280</u>	<u>51,237</u>	<u>168,622</u>	<u>196</u>	<u>305,084</u>	<u>333,533</u>	<u>22,984</u>
Supporting Effective Instruction State Grants	84.367	200520-1920	467,931	-	-	-	345,508	299,332	46,176
Supporting Effective Instruction State Grants	84.367	190520-1819	472,104	72,943	269,416	-	710	73,653	-
			<u>940,035</u>	<u>72,943</u>	<u>269,416</u>	<u>-</u>	<u>346,218</u>	<u>372,985</u>	<u>46,176</u>
English Language Acquisition State Grants	84.365A	200580-1920	115,961	-	-	-	87,982	75,677	12,305
English Language Acquisition State Grants	84.365A	190580-1819	120,252	5,024	78,352	-	-	5,024	-
			<u>236,213</u>	<u>5,024</u>	<u>78,352</u>	<u>-</u>	<u>87,982</u>	<u>80,701</u>	<u>12,305</u>
Student Support and Academic Enrichment Program	84.424	200750-1920	106,831	-	-	-	73,838	44,922	28,916
Total passed through Michigan Department of Education			<u>4,592,413</u>	<u>235,523</u>	<u>1,570,114</u>	<u>196</u>	<u>1,911,073</u>	<u>1,920,175</u>	<u>226,617</u>

**WEST OTTAWA PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2019	Prior Year Expenditures (Memo Only)	Adjustments and Transfers	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue June 30, 2020
<u>U.S. Department of Education (continued)</u>									
Passed through Ottawa Area Intermediate School District (OAISD)									
Special Education Cluster									
Special Education Grants to States	84.027A	200450-1920	\$ 1,259,620	\$ -	\$ -	\$ -	\$ 1,259,620	\$ 519,501	\$ 740,119
Special Education Grants to States	84.027A	190450-1819	1,232,655	513,270	1,232,655	-	-	513,270	-
			2,492,275	513,270	1,232,655	-	1,259,620	1,032,771	740,119
Special Education Preschool Grants	84.173A	200460-1920	40,430	-	-	-	40,430	14,764	25,666
Special Education Preschool Grants	84.173A	190460-1819	39,431	14,462	39,431	-	-	14,462	-
			79,861	14,462	39,431	-	40,430	29,226	25,666
Total Special Education Cluster			2,572,136	527,732	1,272,086	-	1,300,050	1,061,997	765,785
Education for Homeless Children and Youth	84.196A	202320-1920	2,201	-	-	-	1,333	515	818
Education for Homeless Children and Youth	84.196A	192320-1819	1,116	686	686	-	-	686	-
			3,317	686	686	-	1,333	1,201	818
Total U.S. Department of Education passed through Ottawa Area Intermediate School District			2,575,453	528,418	1,272,772	-	1,301,383	1,063,198	766,603
Total U.S. Department of Education			7,167,866	763,941	2,842,886	196	3,212,456	2,983,373	993,220
<u>U.S. Department of Health and Human Services</u>									
Passed through Ottawa Area Intermediate School District (OAISD)									
Medicaid Cluster:									
Medical Assistance Program	93.778		9,969	-	-	-	9,969	8,185	1,784
TOTAL FEDERAL AWARDS			\$ 12,350,008	\$ 841,222	\$ 4,955,123	\$ 196	\$ 6,260,345	\$ 5,906,985	\$ 1,194,778

**WEST OTTAWA PUBLIC SCHOOLS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

**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, 2020. 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, 2020:

General fund	\$ 3,222,425
Other nonmajor governmental fund	<u>3,037,920</u>
Total per financial statements	<u><u>\$ 6,260,345</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, 2020, and the related notes to the financial statements, which collectively comprise the West Ottawa Public Schools' basic financial statements and have issued our report thereon dated October 21, 2020.

**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 Costeian PC*

October 21, 2020



**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, 2020. 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, 2020.

### **Report on Internal Control Over Compliance**

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

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

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

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

*Manes Costeiran PC*

October 21, 2020

**WEST OTTAWA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

**Financial Statements**

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principals:

*Unmodified*

Internal control over financial reporting:

➤ Material weakness(es) identified ?	_____ Yes	_____ X	No
➤ Significant deficiency(ies) identified ?	_____ Yes	_____ X	No
Noncompliance material to financial statements	_____ Yes	_____ X	No

**Federal Awards**

Internal control over major programs:

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

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

*Unmodified*

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

\_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027A & 84.173A 84.010	Special Education Cluster Title I Grants to Local Education Agencies

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

\_\_\_\_\_ \$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ X Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings**

None

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

None

**WEST OTTAWA PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

FINDINGS/NONCOMPLIANCE

Control Deficiencies Related to Internal Controls Over the Basic Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to the Basic Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.

FINDING 2019-001 CONSIDERED A SIGNIFICANT DEFICIENCY

Federal Program:	Child Nutrition Cluster
CFDA #:	10.553, 10.555 and 10.559
Federal agency:	U.S. Department of Agriculture
Pass-through entity:	Michigan Department of Education
Pass-through number:	181960, 191960, 181980, 191980, 181970, 191970, 180900, 181900

Criteria: In order to comply with Uniform Guidance requirements, the District shall only be providing students with reduced or free meals that meet the required federal income limitations.

Condition: West Ottawa Public Schools' approved a free/reduced application allowing a student to incorrectly receive reduced price meals when in actuality the student should have been paying full price for meals based on the household income. The District is reimbursed from federal grants based on what category of pricing the students are charged causing the District to receive more reimbursements for the student's meals than what they should have received.

Questioned Costs: \$810

Cause: The District's incorrectly calculated the household income provided on the submitted application.

Effect: The District provided reduced price meals to a student who was not eligible.

Recommendation: The District should verify that all required components of meal applications are completed fully and accurately and that income eligibility is recalculated accurately prior to approval.

Status: The District conducts second review of all applications as well as additional edit checks for the online application processing software - resolved.



*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