

WEST OTTAWA PUBLIC SCHOOLS

Holland, Michigan

Annual Comprehensive Financial Report

**Fiscal Year Ended
JUNE 30, 2021**

Prepared by:

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

**WEST OTTAWA PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

*Superintendent
Timothy. Bearden*

*Assistant Superintendent Business Services
Jeff Malloch*

*Assistant Superintendent Human Resources
Jens Milobinski*

October 15, 2021

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

Dear Board Members and Citizens of West Ottawa Public Schools:

This letter of transmittal provides an overview of the financial position of West Ottawa Public Schools (the District) from the perspective of the Superintendent and the Assistant Superintendent of Business Services. It serves as an introduction to our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2021. 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 student FTE (Full-time equivalent) and has been slowly declining ever since to the current level of 6,632 FTE. The projected enrollment for the 2021-22 fiscal year is 6,345 FTE. There are currently eight elementary schools (pre-kindergarten through 5th grade), two middle schools (6th-8th grades), and one high school (9th-12th grades).

Student Services Provided and Major Initiatives

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

Accounting Systems, Budgetary Control and Annual Audit

The District adopts an annual appropriated budget for its general fund, 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 (GAAP) 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 the next year.

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 84% of its resources on employees and adjusts staffing annually to work within the financial resources available.

The State of Michigan and much of the United States continued to battle the spread of the COVID-19 virus throughout the 2020-2021 fiscal year. This resulted in increased economic uncertainty, triggering Congress to issue multiple rounds of federal stimulus. After federal aid and state revenue collections that out-paced the projections, the State of Michigan was able to appropriate \$8,111 per pupil for the minimum foundation allowance. The district received 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 and will be receiving ESSER II and ESSER III funding to address learning loss in subsequent years. 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 seventh 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 sixth consecutive award for the 2019-2020 financial statements.

In Appreciation

We would like to express appreciation to a Board of Education that has adopted policies and programs designed to continue the District's quality improvement so that we can prepare all students to be college, career and life ready. We are also grateful to the staff members who work tirelessly to provide the best educational environment possible for West Ottawa students.

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

Respectfully submitted,



Timothy J. Bearden
Superintendent of Schools



Jeffrey W. Malloch
Assistant Superintendent of Business Services

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

2021 Board of Education

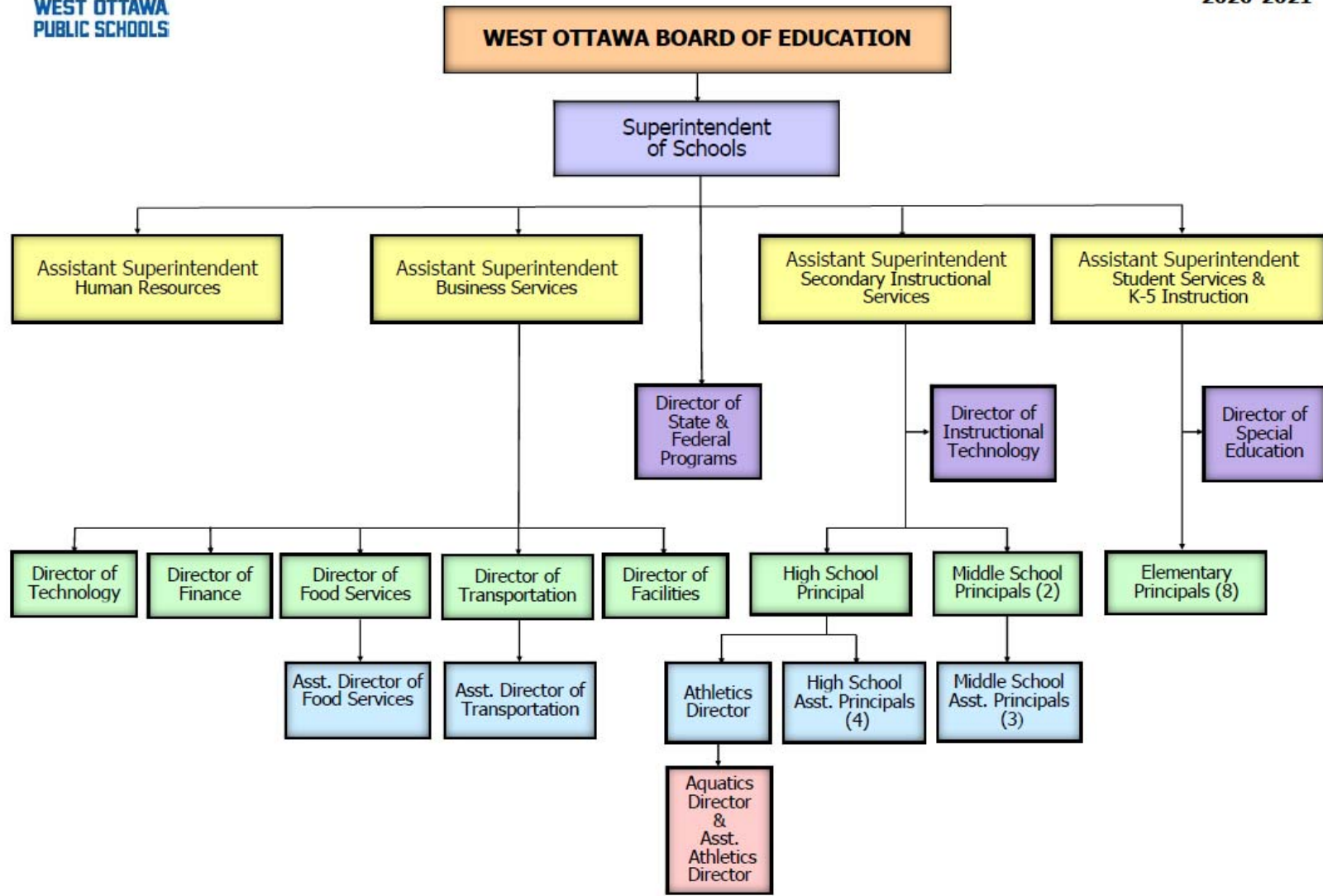
President
Vice President
Secretary
Treasurer
Trustee
Trustee
Trustee

Kate McCoy
Cathy Lebster
Mary Remenschneider
Randy Schipper
Darrin Duistermars
Lynn Rutan
Tyson Smith

2020 - 2021 Administrative Staff

Superintendent
Assistant Superintendent of Business Services
Director of Finance

Tim Bearden
Jeff Malloch
Kyle Barr



Effective 07//2020



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

West Ottawa Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



W. Edward Chabal

W. Edward Chabal
President

David J. Lewis

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, 2021, 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, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021 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 15, 2021

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, 2021.

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, 2021 and 2020.

	2021	2020	Change
Current assets	\$ 68.53	\$ 78.17	\$ (9.64)
Capital assets, net	159.16	151.28	7.88
Total assets	<u>227.69</u>	<u>229.45</u>	<u>(1.76)</u>
Deferred outflows of resources	43.83	51.08	(7.25)
Long-term obligations outstanding	114.84	131.09	(16.25)
Other liabilities	15.18	10.74	4.44
Net pension liability and other postemployment benefit	177.89	180.45	(2.56)
Total liabilities	<u>307.91</u>	<u>322.28</u>	<u>(14.37)</u>
Deferred inflows of resources	26.57	25.48	1.09
Net position			
Net investment in capital assets	70.27	64.83	5.44
Restricted	2.79	2.02	0.77
Unrestricted	<u>(136.02)</u>	<u>(134.08)</u>	<u>(1.94)</u>
Total net position	<u>\$ (62.96)</u>	<u>\$ (67.23)</u>	<u>\$ 4.27</u>

The District's combined net position at the beginning of the fiscal year was (\$67,230,252), and on June 30, 2021 it was (\$62,963,191) which represents an increase of \$4,267,061 as recorded in the statement of activities.

Capital Assets

At June 30, 2021, the District had invested over \$256 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 \$5.5 million, bringing accumulated depreciation to \$97.1 million as of June 30, 2021.

	2021		2020	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 6,129,748	\$ -	\$ 6,129,748	\$ 6,129,748
Construction in progress	27,877,372	-	27,877,372	15,431,806
Buildings and improvements	204,309,208	85,043,882	119,265,326	123,185,531
Furniture and equipment	12,149,579	7,994,184	4,155,395	4,327,323
Buses and other vehicles	5,815,639	4,086,910	1,728,729	2,204,516
Total	<u>\$ 256,281,546</u>	<u>\$ 97,124,976</u>	<u>\$ 159,156,570</u>	<u>\$ 151,278,924</u>

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable.

Long-Term Obligations

At June 30, 2021, the District had approximately \$115 million in long-term obligations outstanding. This represents a decrease of approximately \$16.2 million from the amount outstanding at the close of the prior fiscal year. The decrease is the result of the issuance of new refunding bonds in July 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.

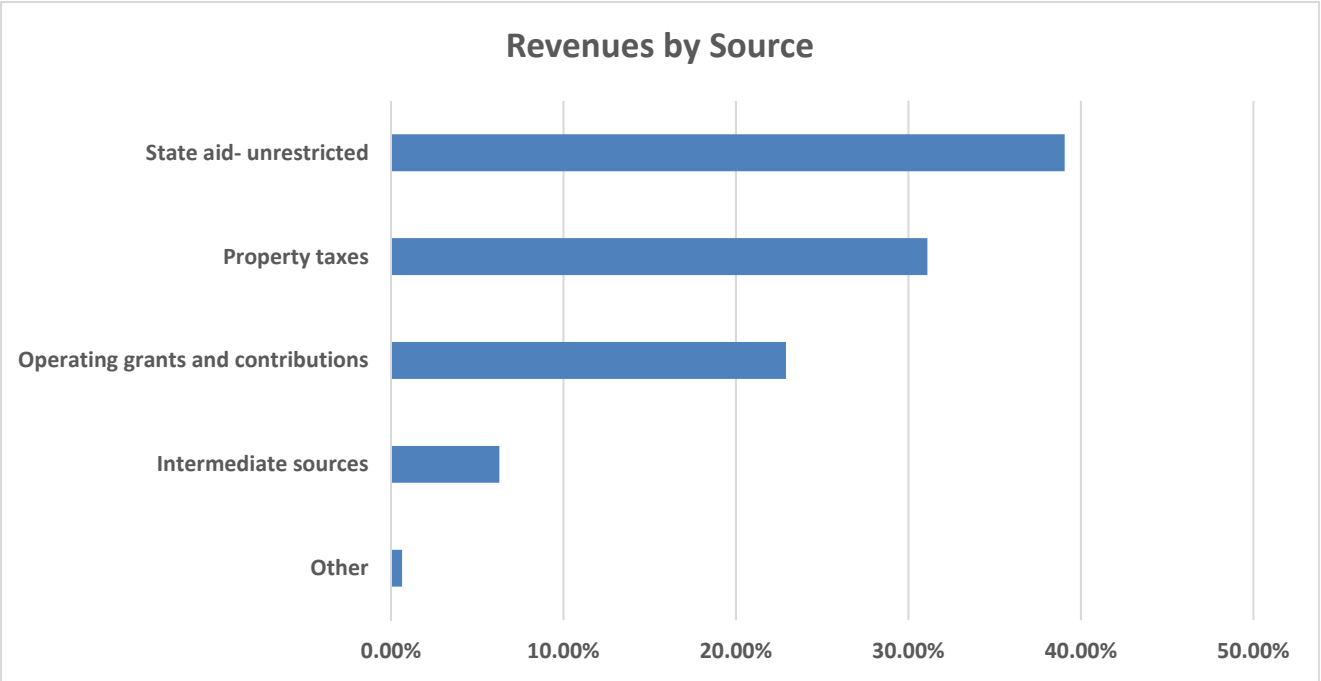
Results of Operations

For the fiscal years ended June 30, 2021 and 2020, the results of operations, on a district-wide basis were:

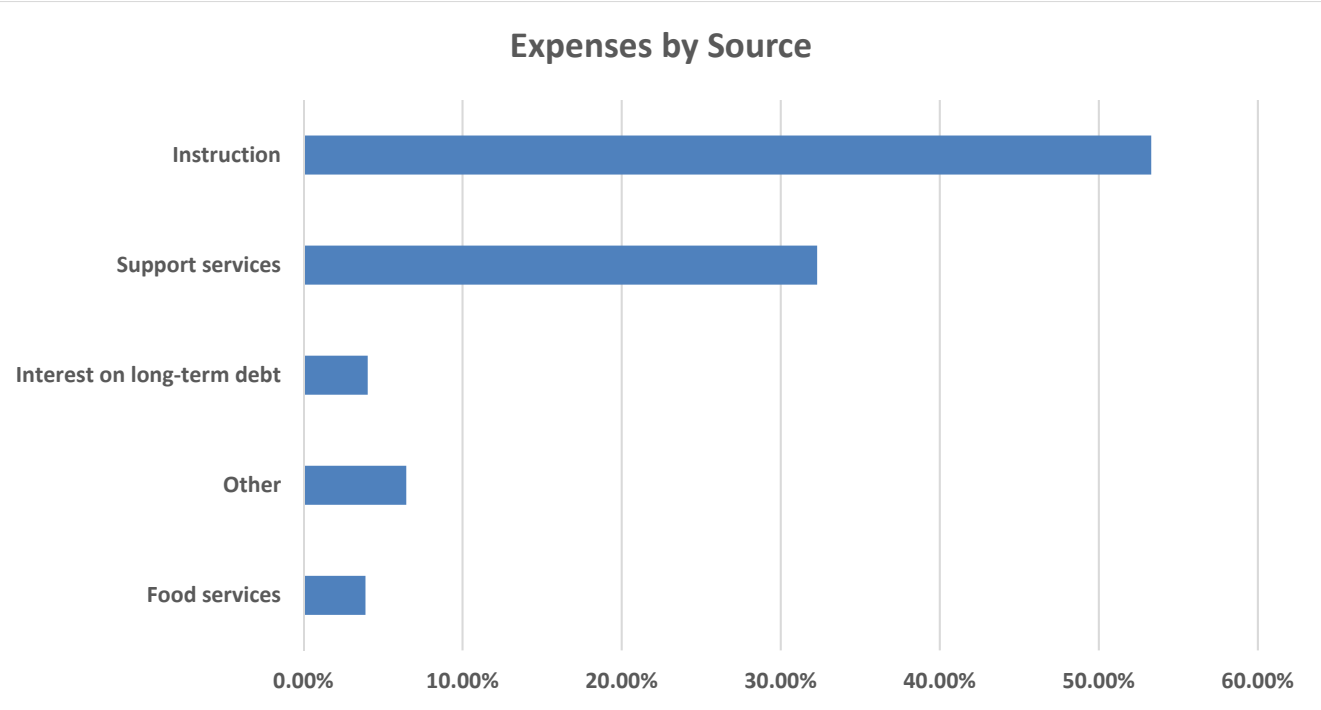
	2021	2020	Change
Revenues			
Program revenues			
Charges for services	\$ 326,610	\$ 1,231,050	\$ (904,440)
Operating grants and contributions	23,945,475	20,788,727	3,156,748
General revenues			
Property taxes	32,517,422	30,978,140	1,539,282
Investment earnings	200,117	1,504,145	(1,304,028)
State aid - unrestricted	40,837,004	40,004,363	832,641
Intermediate sources	6,571,003	6,837,972	(266,969)
Other	149,892	528,115	(378,223)
Total revenues	104,547,523	101,872,512	2,675,011
Expenses			
Instruction	53,453,707	54,870,445	(1,416,738)
Support services	32,388,856	34,455,672	(2,066,816)
Community services	380,675	343,025	37,650
Food services	3,908,984	4,199,900	(290,916)
Student/school activities	546,701	1,365,037	(818,336)
Interest on long-term debt	4,051,588	7,576,075	(3,524,487)
Unallocated depreciation	5,549,951	4,773,258	776,693
Total expenses	100,280,462	107,583,412	(7,302,950)
Change in net position	4,267,061	(5,710,900)	9,977,961
Net position, beginning of year	(67,230,252)	(61,519,352)	(5,710,900)
Net position, end of year	<u>\$ (62,963,191)</u>	<u>\$ (67,230,252)</u>	<u>\$ 4,267,061</u>

In most of the above categories, the differences between the 2019-2020 fiscal year and the 2020-2021 fiscal year (change) would generally be considered well within the normal range.

There were three notable changes in revenue. One was related to an increase in operating grants and contributions as a result of the infusion of federal stimulus dollars. The second was due to an increase in property taxes across the district resulting in an additional \$1,539,282 in revenue growth. The final change was related to a steep decline in investment earnings as the federal reserves target rate remains near zero.



On the expense side, the most noticeable change was a steep decline in interest on long-term debt as the district had sizeable principal payments due in fiscal year 2021 resulting in less interest expense than the prior year.



Analysis of Significant Revenues and Expenditures

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

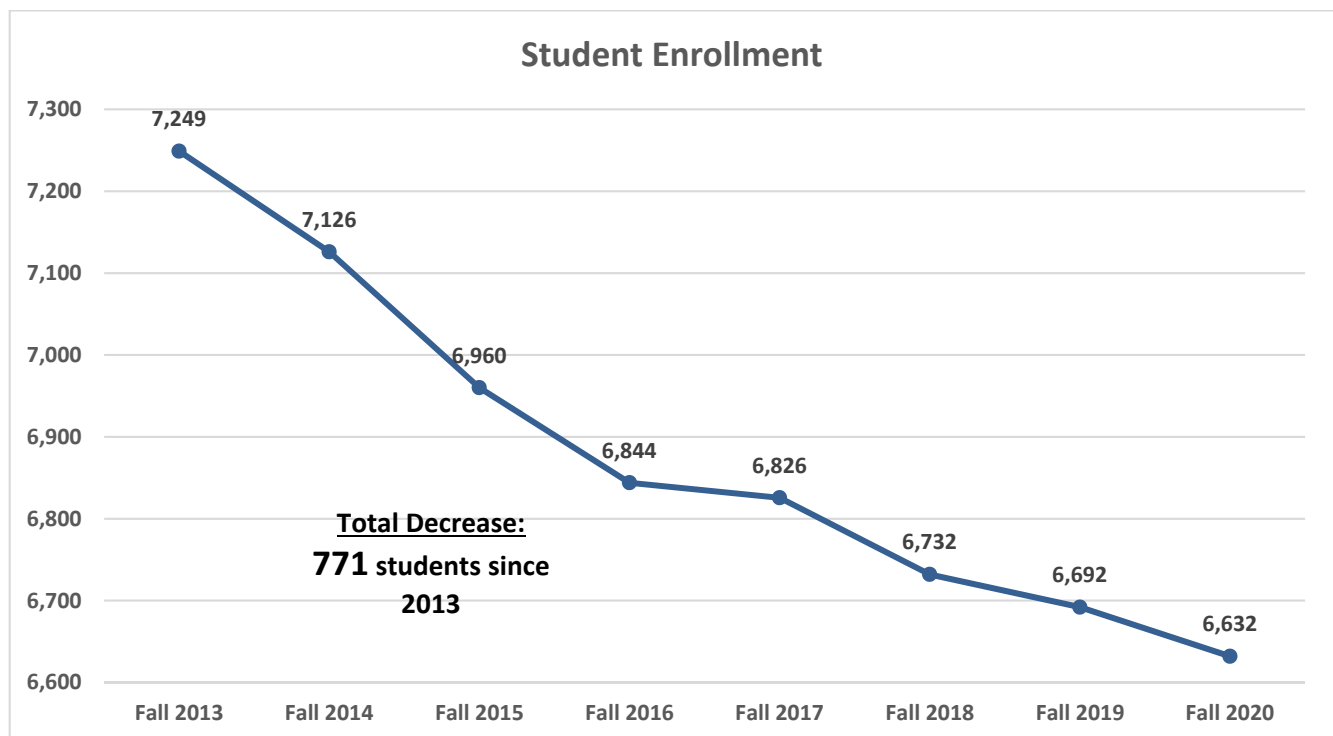
State Sources

The State of Michigan funds districts based on a blended student enrollment. A new super blend enrollment for the 2020-2021 fiscal year consisted of 75% of the prior year blend (90% October 2019 count and 10% of the February 2019 count) plus 25% of the current year blend (90% October 2020 count and 10% of the February 2020 count). The state per-pupil allocation was \$8,111 per pupil.

Student Enrollment

The District's enrollment for the fall count of 2020-2021 was 6,632 students. This is a decrease of 60 students or 0.89% 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 2020	6,632	-60
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 2020-2021 fiscal year, the District's net property tax revenues for general purposes were \$13,385,295. This was an increase of 4.4% from the prior year as property values continued to climb.

The District levied 7.75 mills of property taxes on all classes of property located within the District for bonded debt retirement. This levy is adjusted as property values increase or decrease and is used to pay the principal and interest on bond obligations. The total of property tax revenues for debt retirement in the current year was \$18,421,076.

West Ottawa Public Schools levied a 0.30 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 \$711,051.

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 \$1 million and equal to approximately \$26.7 million for the fiscal year. The total health benefit costs for 2020-21 were about \$5.82 million, up approximately \$36,000 from the prior year. The District contributed around \$16.9 million toward employees' pension and other postemployment benefits, an increase of 6.7% over 2019-2020. The remaining benefits consisted of employer contributions toward social security, Medicare, and worker's compensation. Wage and benefit costs were equal to approximately 83.56% 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 2020-2021 fiscal year, the District amended the general fund budget, with the Board adopting the final changes in June 2021. 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	\$ 74,730,000	\$ 78,765,000	\$ 80,494,953	\$ 1,729,953	2.20%
Expenditures and other financing uses					
Instruction	\$ 50,700,000	\$ 50,135,000	\$ 50,301,849	\$ (166,849)	-0.33%
Support services	23,890,000	25,427,000	25,358,091	68,909	0.27%
Community services	330,000	363,000	387,864	(24,864)	-6.85%
Capital outlay	18,000	1,001,000	1,418,099	(417,099)	-41.67%
Total expenditures and other financing uses	\$ 74,938,000	\$ 76,926,000	\$ 77,465,903	\$ (539,903)	-0.70%

The actual revenues and other financing sources for the general fund were about \$80.5 million. This is above the final amended budget by \$1,729,953 or 2.20%. The actual general fund expenditures and other financing uses were \$77.5 million. This is above the final amended budget amount by \$539,903, or 0.70%. The variance in general fund revenue was related to the uncertainty of the amount of federal dollars utilized for summer school, staffing allocations, and PPE purchases.

Analysis of Financial Position

The District had a general fund increase of \$3,029,050 in 2020-2021. The small surplus 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, as well as an infusion of federal stimulus dollars to combat unforeseen expenditures due to the COVID-19 pandemic.

The accumulated fund balance is approximately \$19.7 million and allows the District to provide appropriate capital investments to sustain long-term viability, allows the District to plan for the future without being subject to the whims of an ever-changing legislature, and allows the District to avoid borrowing for cash flow for its general operations.

As the District completed this year, the governmental funds reported a combined fund balance of \$53.9 million, this was a decrease of \$14.3 million from the prior year. The primary reason for this decrease 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 2020-2021 included major ongoing renovations to Harbor Lights Middle School, site improvements and renovations to Pine Creek, renovations to Sheldon Woods, resurfacing of both district tracks, and the construction of a new athletic complex. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>2014 Capital Projects Fund</u>	<u>2019 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCE					
Beginning of year	\$ 16,617,572	\$ 16,017,116	\$ 28,392,268	\$ 7,259,204	\$ 68,286,160
Increase (decrease)	<u>3,029,050</u>	<u>(13,423,901)</u>	<u>(4,715,346)</u>	<u>811,052</u>	<u>(14,299,145)</u>
End of year	<u>\$ 19,646,622</u>	<u>\$ 2,593,215</u>	<u>\$ 23,676,922</u>	<u>\$ 8,070,256</u>	<u>\$ 53,987,015</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 Governor and Legislature agreed on a budget for the 2021-2022 fiscal year with a foundation allowance increase of \$589 per pupil. This would bring the foundation allowance to \$8,700 per pupil. This type of increase is historic and unprecedented. Federal stimulus dollars are directly related to this boost in school aid fund revenue as millions of citizens had more discretionary spending to purchase goods and services, thus boosting the state revenue collections. It remains to be seen if the revenue stream will continue beyond the 2021-2022 fiscal year.
- 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 caused disruption to many industries in the private sector. Some of the disruption has resulted in economic hardships on the school district as there has been a sizeable increase in construction costs for new capital projects. It is difficult to project the future revenue streams for the state aid fund as the fund seems to be supported by the numerous stimulus packages approved by Congress during the pandemic. 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 2021 and beyond.
- Continued focus on containing costs to match the size of enrollment will be key in maintaining positive fund balance going forward.
- The District received approval from the voters to issue \$89.95 million in new bonds on May 6, 2014. The approval will allow the District to make numerous site and building improvements, as well as purchasing 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, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 18,533,108
Investments	6,954,873
Receivables	
Accounts receivable	32,133
Taxes receivable	95,029
Interest receivable	54,404
Intergovernmental	11,495,483
Inventories	64,912
Prepays	278,305
Restricted cash - capital projects	6,879,331
Restricted investments - capital projects	24,147,289
Capital assets not being depreciated	34,007,120
Capital assets, net of accumulated depreciation	125,149,450
TOTAL ASSETS	<u>227,691,437</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	11,492,452
Related to pension	32,334,131
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>43,826,583</u>
LIABILITIES	
Accounts payable	5,479,242
Accrued salaries and related items	5,042,985
Accrued retirement	2,104,304
Accrued interest	628,255
Unearned revenue	1,921,321
Noncurrent liabilities	
Due within one year	15,865,180
Due in more than one year	98,969,854
Net other postemployment benefits liability	24,009,049
Net pension liability	153,886,161
TOTAL LIABILITIES	<u>307,906,351</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding, net of amortization	425,610
Related to state aid funding for pension	5,820,847
Related to other postemployment benefits	18,568,353
Related to pension	1,760,050
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>26,574,860</u>
NET POSITION	
Net investment in capital assets	70,267,864
Restricted for debt service	925,057
Restricted for capital projects - sinking fund	1,864,233
Unrestricted	(136,020,345)
TOTAL NET POSITION	<u>\$ (62,963,191)</u>

**WEST OTTAWA PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

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	\$ 53,453,707	\$ 47,228	\$ 13,684,706	\$ (39,721,773)
Support services	32,388,856	-	5,275,754	(27,113,102)
Community services	380,675	-	204,363	(176,312)
Food services	3,908,984	279,382	4,194,737	565,135
Student/school activities	546,701	-	585,915	39,214
Interest on long-term debt	4,051,588	-	-	(4,051,588)
Unallocated depreciation*	5,549,951	-	-	(5,549,951)
Total governmental activities	<u>\$ 100,280,462</u>	<u>\$ 326,610</u>	<u>\$ 23,945,475</u>	<u>(76,008,377)</u>
General revenues				
Property taxes, levied for general purposes				13,385,295
Property taxes, levied for debt service				18,421,076
Property taxes, levied for capital projects sinking fund				711,051
Investment earnings				200,117
State sources				40,837,004
Intermediate sources				6,571,003
Other				149,892
Total general revenues				<u>80,275,438</u>
CHANGE IN NET POSITION				4,267,061
NET POSITION, beginning of year				<u>(67,230,252)</u>
NET POSITION, end of year				<u>\$ (62,963,191)</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, 2021**

	General Fund	2014 Capital Projects Fund	2019 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
ASSETS					
Cash and cash equivalents	\$ 11,925,173	\$ -	\$ -	\$ 6,607,935	\$ 18,533,108
Investments	5,613,966	-	-	1,340,907	6,954,873
Receivables					
Taxes receivable	70,493	-	-	24,536	95,029
Accounts receivable	476	-	-	31,657	32,133
Interest receivable	-	16,329	38,075	-	54,404
Intergovernmental	11,200,766	-	-	294,717	11,495,483
Due from other funds	210,000	479,300	5,555,830	6,156	6,251,286
Inventories	-	-	-	64,912	64,912
Prepays	266,958	-	-	11,347	278,305
Restricted cash - capital projects	-	6,879,331	-	-	6,879,331
Restricted investments - capital projects	-	3,996,804	20,150,485	-	24,147,289
TOTAL ASSETS	\$ 29,287,832	\$ 11,371,764	\$ 25,744,390	\$ 8,382,167	\$ 74,786,153
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 177,297	\$ 3,222,719	\$ 2,067,468	\$ 11,758	\$ 5,479,242
Accrued salaries and related items	5,022,781	-	-	20,204	5,042,985
Accrued retirement	2,100,926	-	-	3,378	2,104,304
Due to other funds	485,456	5,555,830	-	210,000	6,251,286
Unearned revenue	1,854,750	-	-	66,571	1,921,321
TOTAL LIABILITIES	9,641,210	8,778,549	2,067,468	311,911	20,799,138

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	\$ 266,958	\$ -	\$ -	\$ 11,347	\$ 278,305
Restricted					
Food service	-	-	-	1,222,603	1,222,603
Capital projects	-	2,593,215	23,676,922	1,864,233	28,134,370
Debt service	-	-	-	1,553,312	1,553,312
Committed for student/school activities	-	-	-	1,482,314	1,482,314
Assigned					
Capital projects	-	-	-	1,936,447	1,936,447
Unassigned	19,379,664	-	-	-	19,379,664
TOTAL FUND BALANCES	19,646,622	2,593,215	23,676,922	8,070,256	53,987,015
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,287,832	\$ 11,371,764	\$ 25,744,390	\$ 8,382,167	\$ 74,786,153

**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, 2021**

Total governmental fund balances	\$	53,987,015
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - related to pension		32,334,131
Deferred outflows of resources - related to other postemployment benefits		11,492,452
Deferred inflows of resources - gain on refunding, net of amortization		(425,610)
Deferred inflows of resources - related to pension		(1,760,050)
Deferred inflows of resources - state aid funding for pension		(5,820,847)
Deferred inflows of resources - related to other postemployment benefits		(18,568,353)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is		256,281,546
Accumulated depreciation is		(97,124,976)
Long-term obligations are not due and payable in the current period and are not reported in the funds:		
General obligation bonds		(114,733,233)
Compensated absences and termination benefits		(101,801)
Accrued interest is not included as a liability in government funds, it is recorded when paid		(628,255)
Net other postemployment benefits liability		(24,009,049)
Net pension liability		(153,886,161)
Net position of governmental activities	\$	<u>(62,963,191)</u>

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WEST OTTAWA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<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	\$ 13,385,295	\$ -	\$ -	\$ 19,132,127	\$ 32,517,422
Tuition	47,228	-	-	-	47,228
Investment earnings	85,462	12,749	52,924	48,982	200,117
Student/school activity income	-	-	-	585,915	585,915
Food sales	-	-	-	273,124	273,124
Other	42,699	-	-	121,235	163,934
Total local sources	13,560,684	12,749	52,924	20,161,383	33,787,740
State sources	53,279,921	-	-	927,691	54,207,612
Federal sources	6,871,465	-	-	4,027,462	10,898,927
Incoming transfers and other	6,572,883	-	-	-	6,572,883
TOTAL REVENUES	80,284,953	12,749	52,924	25,116,536	105,467,162
EXPENDITURES					
Current					
Instruction	50,301,849	-	-	-	50,301,849
Supporting services	25,358,091	-	-	-	25,358,091
Food service activities	-	-	-	3,745,194	3,745,194
Student/school activity expenses	-	-	-	546,701	546,701
Community service activities	387,864	-	-	-	387,864
Capital outlay	1,418,099	13,436,650	4,669,526	421,971	19,946,246

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
EXPENDITURES (continued)					
Debt service					
Principal repayment	\$ -	\$ -	\$ -	\$ 14,990,000	\$ 14,990,000
Interest	-	-	-	4,276,349	4,276,349
Payment to refunding bond escrow agent	-	-	-	120,000	120,000
Bond issuance costs	-	-	-	198,834	198,834
Other	-	-	98,744	3,499	102,243
TOTAL EXPENDITURES	<u>77,465,903</u>	<u>13,436,650</u>	<u>4,768,270</u>	<u>24,302,548</u>	<u>119,973,371</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,819,050</u>	<u>(13,423,901)</u>	<u>(4,715,346)</u>	<u>813,988</u>	<u>(14,506,209)</u>
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	-	-	-	22,525,000	22,525,000
Payment to refunding bond escrow agent	-	-	-	(22,324,194)	(22,324,194)
Proceeds from sale of capital assets	-	-	-	6,258	6,258
Transfer in	210,000	-	-	962,518	1,172,518
Transfer out	-	-	-	(1,172,518)	(1,172,518)
TOTAL OTHER FINANCING SOURCES (USES)	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>(2,936)</u>	<u>207,064</u>
NET CHANGE IN FUND BALANCES	<u>3,029,050</u>	<u>(13,423,901)</u>	<u>(4,715,346)</u>	<u>811,052</u>	<u>(14,299,145)</u>
FUND BALANCES					
Beginning 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>
End of year	<u><u>\$ 19,646,622</u></u>	<u><u>\$ 2,593,215</u></u>	<u><u>\$ 23,676,922</u></u>	<u><u>\$ 8,070,256</u></u>	<u><u>\$ 53,987,015</u></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, 2021**

Net change in fund balances total governmental funds	\$ (14,299,145)
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	(5,549,951)
Capital outlay	13,449,466
Unrecovered cost on asset disposal	(21,869)
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	853,016
Accrued interest payable, end of the year	(628,255)
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:	
Refunding bonds issued	(22,525,000)
Payment to refunding bond escrow agent	22,444,194
Payments on debt	14,990,000
Amortization of bond premium	751,875
Amortization of deferred gain on refunding	39,616
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	207,068
Compensated absences and termination benefits, end of the year	(101,801)
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	(8,435,600)
Other postemployment benefits related items	4,018,140
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	4,896,154
Pension related items, end of year	(5,820,847)
Change in net position of governmental activities	\$ 4,267,061

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 (continued)

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

	2014 Bond	2019 Bond
Revenues and other financing sources	\$ 67,656,812	\$ 31,791,987
Expenditures	\$ 65,063,597	\$ 8,115,065

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

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

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, 2021. 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
Buses 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 two items that qualify for reporting in this category. They are the pension and other postemployment benefit related items reported in the government-wide statement of net position. 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 four 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. The fourth is the deferred gain on refunding. A deferred gain 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.

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 (continued)

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, 2021, 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	0.30

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 (continued)

Revenues and Expenditures/Expenses (continued)

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, 2021 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, 2021, \$27,070,831 of the District's bank balance of \$27,820,831 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 \$25,412,439.

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, 2021, the district had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	%
Fidelity Institutional Treasury Portfolio	\$ 14,228,995	0.0027	45.75%
United States Treasury Notes	9,918,293	1.8328	31.89%
Certificates of Deposit	6,931,020	0.4330	22.28%
FDIC insured deposit account	23,854	0.0027	0.08%
Total fair value	<u>\$ 31,102,162</u>		<u>100.00%</u>
Portfolio weighted average maturity		<u>0.6822</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 (continued)

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, 2021:

	Primary Government
Cash and cash equivalents	\$ 18,533,108
Investments	6,954,873
Restricted cash and cash equivalents	6,879,331
Restricted investments	24,147,289
	\$ 56,514,601

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Assets not being depreciated				
Land	\$ 6,129,748	\$ -	\$ -	\$ 6,129,748
Construction in progress	15,431,806	27,877,372	15,431,806	27,877,372
Subtotal	21,561,554	27,877,372	15,431,806	34,007,120
Other capital assets				
Buildings and improvements	203,636,043	673,165	-	204,309,208
Furniture and equipment	11,908,868	287,598	46,887	12,149,579
Buses and other vehicles	5,772,502	43,137	-	5,815,639
Subtotal	221,317,413	1,003,900	46,887	222,274,426
Accumulated depreciation				
Buildings and improvements	80,450,512	4,593,370	-	85,043,882
Furniture and equipment	7,581,545	437,657	25,018	7,994,184
Buses and other vehicles	3,567,986	518,924	-	4,086,910
Total accumulated depreciation	91,600,043	5,549,951	25,018	97,124,976
Net capital assets being depreciated	129,717,370	(4,546,051)	21,869	125,149,450
Net governmental capital assets	\$ 151,278,924	\$ 23,331,321	\$ 15,453,675	\$ 159,156,570

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

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation expense for the fiscal year ended June 30, 2021 amounted to \$5,549,951. 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 \$31,305,000.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2021 consist of the following:

State aid	\$	9,875,115
Federal revenue		1,325,775
Intermediate sources and other		294,593
		\$ 11,495,483

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, 2021:

	Compensated Absences and Termination Benefits	General Obligation Bonds	Total
Balance, July 1, 2020	\$ 207,068	\$ 130,887,711	\$ 131,094,779
Additions	-	22,525,000	22,525,000
Deletions	(105,267)	(38,679,478)	(38,784,745)
Balance, June 30, 2021	101,801	114,733,233	114,835,034
Due within one year	10,180	15,855,000	15,865,180
Due in more than one year	\$ 91,621	\$ 98,878,233	\$ 98,969,854

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2021 is comprised of the following issues:

General Obligation Bonds

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%.	\$ 31,825,000
2015 refunding bonds - \$6,580,000, due in an annual installment of \$680,000 on May 1, 2022 with interest at 3.000%.	680,000
2016 refunding bonds - \$5,715,000, due in annual installments of \$870,000 to \$950,000 through November 1, 2026 with interest at 1.690%.	4,550,000
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 \$575,000 through November 1, 2038 with interest at 5.000%.	7,450,000
2019 building and site bonds - \$21,190,000, due in annual installments of \$460,000 to \$1,000,000 through May 1, 2044 with interest from 4.000% to 5.000%.	17,790,000
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
2020 refunding bonds - \$22,525,000, due in annual installments of \$2,055,000 to \$8,425,000 through May 1, 2027 with interest from 0.643% to 1.415%.	21,725,000
Issuance premium	<u>10,528,233</u>
Total general obligation bonds	114,733,233
Compensated absences and termination benefits	<u>101,801</u>
Total general long-term obligations	<u><u>\$ 114,835,034</u></u>

On July 30, 2020, the District issued general obligation bonds of \$22,525,000 with an interest rate of 0.593% to 1.415% advance refund a portion of the District's outstanding 2012 Series A refunding bonds. The bonds mature at various times through May 1, 2027. The refunding bonds were issued with no premium or discount after paying issuance costs of \$198,834. The net issuance was \$22,326,166. The net issuance from the issuance of the general obligation bonds were used to purchase U.S. governmental securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance defeasance and the term bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$1,045,000, creating an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$796,344.

The District has defeased certain general obligation bonds by placing the issuance 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, 2021, \$85,700,000 of bonds outstanding are considered defeased.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations exclusive of compensated absences payments as of June 30, 2021 are as follows:

Year Ending June 30,	<u>General Obligation Bonds</u>		Compensated Absences and Termination	Total
	Principal	Interest	Benefits	
2022	\$ 15,855,000	\$ 3,769,527	\$ -	\$ 19,624,527
2023	7,220,000	3,399,218	-	10,619,218
2024	7,205,000	3,202,249	-	10,407,249
2025	7,675,000	2,998,853	-	10,673,853
2026	7,680,000	2,785,546	-	10,465,546
2027 - 2031	26,165,000	10,727,229	-	36,892,229
2032 - 2036	17,130,000	5,856,127	-	22,986,127
2037 - 2041	12,275,000	2,050,500	-	14,325,500
2042 - 2044	3,000,000	300,000	-	3,300,000
	<u>104,205,000</u>	<u>35,089,249</u>	-	<u>139,294,249</u>
Issuance premium	10,528,233	-	-	10,528,233
Compensated absences and termination benefits	-	-	101,801	101,801
	<u>\$ 114,733,233</u>	<u>\$ 35,089,249</u>	<u>\$ 101,801</u>	<u>\$ 149,924,283</u>

Compensated absences and termination benefits typically are liquidated by the general fund. Interest expense for the year ended June 30, 2021 was approximately \$4,276,000.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2021 are as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General fund	\$ 210,000	General fund	\$ 485,456
Food service fund	598	Food service fund	210,000
Building transfer fund	5,558	2014 capital projects fund	<u>5,555,830</u>
2019 capital projects fund	5,555,830		
2014 capital projects fund	<u>479,300</u>		
	<u>\$ 6,251,286</u>		<u>\$ 6,251,286</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 (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.michigan.gov/orsschools.

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 MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

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

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

**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 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 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:

	Pension	Other Postemployment Benefit
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately \$13,282,000. Of the total pension contributions approximately \$13,015,000 was contributed to fund the Defined Benefit Plan and approximately \$267,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately \$3,613,000. Of the total OPEB contributions approximately \$3,416,000 was contributed to fund the Defined Benefit Plan and approximately \$197,000 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 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.

<u>MPSEERS (Plan) Non-University Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total pension liability	\$ 85,290,583,799	\$ 83,442,507,212
Plan fiduciary net position	\$ 50,939,496,006	\$ 50,325,869,388
Net pension liability	\$ 34,351,087,793	\$ 33,116,637,824
Proportionate share	0.44798%	0.44849%
Net pension liability for the District	\$ 153,886,161	\$ 148,525,879

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

For the year ended June 30, 2021, the District recognized pension expense of \$21,450,802.

At June 30, 2021, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 17,052,070	\$ -
Net difference between projected and actual earnings on pension plan investments	646,561	-
Differences between expected and actual experience	2,351,254	(328,447)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(1,431,603)
Reporting Unit's contributions subsequent to the measurement date	12,284,246	-
	<u>\$ 32,334,131</u>	<u>\$ (1,760,050)</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 (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$12,284,246, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2021	\$ 8,340,197
2022	5,809,407
2023	3,120,745
2024	1,019,486

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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 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.

<i>MPERS (Plan) Non-University Employers</i>	September 30, 2020	September 30, 2019
Total other postemployment benefits liability	\$ 13,206,903,534	\$ 13,925,860,688
Plan fiduciary net position	\$ 7,849,636,555	\$ 6,748,112,668
Net other postemployment benefits liability	\$ 5,357,266,979	\$ 7,177,748,020
Proportionate share	0.44816%	0.44477%
Net other postemployment benefits liability for the District	\$ 24,009,049	\$ 31,924,826

**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 (continued)

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

For the year ended June 30, 2021, the District recognized OPEB benefit of \$601,687.

At June 30, 2021, 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	\$ 7,916,260	\$ -
Net difference between projected and actual earnings on pension plan investments	200,382	-
Differences between expected and actual experience	-	(17,888,986)
Changes in proportion and differences between employer contributions and proportionate share of contributions	276,800	(679,367)
Reporting Unit's contributions subsequent to the measurement date	3,099,010	-
	\$ 11,492,452	\$ (18,568,353)

\$3,099,010, 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
2021	\$ (2,812,711)
2022	(2,533,362)
2023	(2,057,096)
2024	(1,571,729)
2025	(1,200,013)

**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% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions:

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

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

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

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. 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, 2018 Comprehensive Annual Financial Report.

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 - 7.0% for year one and graded to 3.5% in year fifteen.

**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, 2020 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	25.0%	5.6%
International Equity Pools	15.0%	7.4%
Private Equity Pools	16.0%	9.3%
Real Estate and Infrastructure Pools	10.0%	4.9%
Fixed Income Pools	10.5%	0.5%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short Term Investment Pools	2.0%	-0.1%
	<u>100.0%</u>	

* Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return - For fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% 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	\$ 199,179,531	\$ 153,886,161	\$ 116,348,053

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 6.95%, 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	\$ 30,842,353	\$ 24,009,049	\$ 18,255,981

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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 7.0% (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		
		Current Healthcare Cost Trend Rate	
	1% Decrease		1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 18,035,707	\$ 24,009,049	\$ 30,802,990

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 2020 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 (continued)

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 \$210,000 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds. \$962,518 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	566,978	27,017	135,959	729,954
	\$ 595,418	\$ 27,017	\$ 135,959	\$ 758,394

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.

There were no abatements made by the District.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. 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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

**WEST OTTAWA PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 14,600,000	\$ 13,560,000	\$ 13,560,684	\$ 684
State sources	48,800,000	52,910,000	53,279,921	369,921
Federal sources	4,100,000	5,740,000	6,871,465	1,131,465
Incoming transfers and other	7,230,000	6,555,000	6,572,883	17,883
TOTAL REVENUES	74,730,000	78,765,000	80,284,953	1,519,953
EXPENDITURES				
Current				
Instruction				
Basic programs	40,100,000	39,155,000	39,305,917	(150,917)
Added needs	10,600,000	10,980,000	10,995,932	(15,932)
Total instruction	50,700,000	50,135,000	50,301,849	(166,849)
Supporting services				
Pupil	4,550,000	4,380,000	4,488,420	(108,420)
Instructional staff	3,450,000	3,380,000	3,482,772	(102,772)
General administration	750,000	729,000	722,105	6,895
School administration	4,330,000	4,487,000	4,404,952	82,048
Business	825,000	895,000	864,821	30,179
Operation/maintenance	5,100,000	7,000,000	6,966,271	33,729
Pupil transportation	2,600,000	2,487,000	2,322,584	164,416
Central	900,000	820,000	683,468	136,532
Athletics	1,385,000	1,249,000	1,422,698	(173,698)
Total supporting services	23,890,000	25,427,000	25,358,091	68,909
Community services	330,000	363,000	387,864	(24,864)
Capital outlay	18,000	1,001,000	1,418,099	(417,099)
TOTAL EXPENDITURES	74,938,000	76,926,000	77,465,903	(539,903)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(208,000)	1,839,000	2,819,050	980,050
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	210,000	210,000
NET CHANGE IN FUND BALANCE	\$ (208,000)	\$ 1,839,000	3,029,050	\$ 1,190,050
FUND BALANCE				
Beginning of year			16,617,572	
End of year			\$ 19,646,622	

**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 7 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.44798%	0.44849%	0.45466%	0.45840%	0.46027%	0.46219%	0.45848%
Reporting Unit's proportionate share of net pension liability	\$ 153,886,161	\$ 148,525,879	\$ 136,679,364	\$ 118,791,816	\$ 114,833,132	\$ 112,891,123	\$ 100,986,711
Reporting Unit's covered-employee payroll	\$ 39,635,134	\$ 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	388.26%	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)	59.72%	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 7 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 13,015,202	\$ 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	13,015,202	12,050,949	11,697,607	11,766,432	10,335,560	9,810,891	8,086,710
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 39,384,233	\$ 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	33.05%	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 4 FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR SEPTEMBER 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.44816%	0.44477%	0.45128%	0.45772%
Reporting Unit's proportionate share of net OPEB liability	\$ 24,009,049	\$ 31,924,826	\$ 35,872,101	\$ 40,533,595
Reporting Unit's covered-employee payroll	\$ 39,635,134	\$ 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	60.58%	82.23%	97.49%	104.89%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	59.44%	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 4 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 3,416,453	\$ 3,379,893	\$ 3,204,538	\$ 3,729,757
Contributions in relation to statutorily required contributions	<u>3,416,453</u>	<u>3,379,893</u>	<u>3,204,538</u>	<u>3,729,757</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 39,384,233	\$ 39,595,133	\$ 38,665,365	\$ 38,146,494
Contributions as a percentage of covered-employee payroll	8.67%	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, 2021**

NOTE 1 - PENSION INFORMATION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions – there were no changes of assumptions in 2020.

NOTE 2 - OPEB INFORMATION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

ADDITIONAL SUPPLEMENTARY INFORMATION

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2021**

	Special Revenues		Debt Service	Nonmajor Capital Projects	Total Nonmajor Funds
	Food Service	Student/School Activities			
ASSETS					
ASSETS					
Cash and cash equivalents	\$ 1,162,502	\$ 974,798	\$ 1,538,089	\$ 2,932,546	\$ 6,607,935
Investments	-	495,976	-	844,931	1,340,907
Accounts receivable	-	15,000	-	16,657	31,657
Taxes receivable	-	-	21,841	2,695	24,536
Intergovernmental receivable	294,717	-	-	-	294,717
Due from other funds	-	598	-	5,558	6,156
Inventories	64,912	-	-	-	64,912
Prepays	11,347	-	-	-	11,347
TOTAL ASSETS	\$ 1,533,478	\$ 1,486,372	\$ 1,559,930	\$ 3,802,387	\$ 8,382,167
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 825	\$ 4,058	\$ 6,618	\$ 257	\$ 11,758
Accrued salaries and related items	20,204	-	-	-	20,204
Accrued retirement	3,378	-	-	-	3,378
Due to other funds	210,000	-	-	-	210,000
Unearned revenue	65,121	-	-	1,450	66,571
TOTAL LIABILITIES	299,528	4,058	6,618	1,707	311,911
FUND BALANCES					
Nonspendable					
Prepays	11,347	-	-	-	11,347
Restricted	1,222,603	-	1,553,312	1,864,233	4,640,148
Committed for student/school activities	-	1,482,314	-	-	1,482,314
Assigned					
Capital projects	-	-	-	1,936,447	1,936,447
TOTAL FUND BALANCES	1,233,950	1,482,314	1,553,312	3,800,680	8,070,256
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,533,478	\$ 1,486,372	\$ 1,559,930	\$ 3,802,387	\$ 8,382,167

WEST OTTAWA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2021

	Special Revenues		Debt Service	Nonmajor Capital Projects	Total Nonmajor Funds
	Food Service	Student/School Activities			
REVENUES					
Local sources					
Property taxes	\$ -	\$ -	\$ 18,421,076	\$ 711,051	\$ 19,132,127
Investment earnings	616	-	32,415	15,951	48,982
Student/school activity income	-	585,915	-	-	585,915
Food sales	273,124	-	-	-	273,124
Other	-	-	-	121,235	121,235
Total local sources	273,740	585,915	18,453,491	848,237	20,161,383
State sources	167,275	-	732,906	27,510	927,691
Federal sources	4,027,462	-	-	-	4,027,462
TOTAL REVENUES	4,468,477	585,915	19,186,397	875,747	25,116,536
EXPENDITURES					
Current					
Food service activities	3,745,194	-	-	-	3,745,194
Student/school activity expenses	-	546,701	-	-	546,701
Capital outlay	421,971	-	-	-	421,971
Debt service					
Principal repayment	-	-	14,990,000	-	14,990,000
Interest	-	-	4,276,349	-	4,276,349
Bond issuance costs	-	-	198,834	-	198,834
Payment to refund bond escrow agent	-	-	120,000	-	120,000
Other	-	-	3,499	-	3,499
TOTAL EXPENDITURES	4,167,165	546,701	19,588,682	-	24,302,548
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	301,312	39,214	(402,285)	875,747	813,988
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	6,258	-	-	-	6,258
Refunding bonds issued	-	-	22,525,000	-	22,525,000
Payment to refund bond escrow agent	-	-	(22,324,194)	-	(22,324,194)
Transfers in	-	-	962,518	-	962,518
Transfers out	(210,000)	-	(962,518)	-	(1,172,518)
TOTAL OTHER FINANCING SOURCES (USES)	(203,742)	-	200,806	-	(2,936)
NET CHANGE IN FUND BALANCES	97,570	39,214	(201,479)	875,747	811,052
FUND BALANCES					
Beginning of year	1,136,380	1,443,100	1,754,791	2,924,933	7,259,204
End of year	\$ 1,233,950	\$ 1,482,314	\$ 1,553,312	\$ 3,800,680	\$ 8,070,256

WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 1,040,000	\$ 262,800	\$ 273,740	\$ 10,940
State sources	165,000	158,830	167,275	8,445
Federal sources	2,740,000	3,904,608	4,027,462	122,854
Incoming transfers and other	-	6,257	6,258	1
TOTAL REVENUES	3,945,000	4,332,495	4,474,735	142,240
EXPENDITURES				
Current				
General administration	3,000	3,000	3,000	-
Food service activities and capital outlay	3,850,000	4,339,495	4,164,165	175,330
TOTAL EXPENDITURES	3,853,000	4,342,495	4,167,165	175,330
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	92,000	(10,000)	307,570	317,570
OTHER FINANCING SOURCES (USES)				
Transfers out	(130,000)	-	(210,000)	(210,000)
Total other financing sources (uses)	(130,000)	-	(210,000)	(210,000)
NET CHANGE IN FUND BALANCE	\$ (38,000)	\$ (10,000)	97,570	\$ 107,570
FUND BALANCE				
Beginning of year			1,136,380	
End of year			\$ 1,233,950	

**WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
STUDENT/SCHOOL ACTIVITIES FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Student/school activity income	\$ 1,150,000	\$ 510,000	\$ 585,915	\$ 75,915
EXPENDITURES				
Current				
Student/school activity expenses	1,150,000	475,000	546,701	(71,701)
NET CHANGE IN FUND BALANCE	\$ -	\$ 35,000	39,214	\$ 4,214
FUND BALANCE				
Beginning of year			1,443,100	
End of year			\$ 1,482,314	

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2021**

	1992	2012A Refunding	2012B Refunding	2014	2015 Refunding	2016 Refunding	2017 Refunding	2018	2019	2020	2020 Refunding	Total Debt Service
ASSETS												
ASSETS												
Cash and cash equivalents	\$ -	\$ 143,405	\$ -	\$ 421,465	\$ 192,189	\$ 79,064	\$ 64,217	\$ 166,878	\$ 441,843	\$ 9,023	\$ 20,005	\$ 1,538,089
Taxes receivable	-	1,691	-	6,256	2,508	1,127	592	1,522	6,651	395	1,099	21,841
TOTAL ASSETS	\$ -	\$ 145,096	\$ -	\$ 427,721	\$ 194,697	\$ 80,191	\$ 64,809	\$ 168,400	\$ 448,494	\$ 9,418	\$ 21,104	\$ 1,559,930
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,618	\$ -	\$ -	\$ 6,618
FUND BALANCES												
Restricted for debt service	-	145,096	-	427,721	194,697	80,191	64,809	168,400	441,876	9,418	21,104	1,553,312
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 145,096	\$ -	\$ 427,721	\$ 194,697	\$ 80,191	\$ 64,809	\$ 168,400	\$ 448,494	\$ 9,418	\$ 21,104	\$ 1,559,930

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2021**

	1992	2012A Refunding	2012B Refunding	2014	2015 Refunding	2016 Refunding	2017 Refunding	2018	2019	2020	2020 Refunding	Total Debt Service
REVENUES												
Local sources												
Property taxes	\$ -	\$ 1,426,147	\$ -	\$ 5,276,747	\$ 2,115,450	\$ 950,766	\$ 499,151	\$ 1,283,534	\$ 5,609,515	\$ 332,769	\$ 926,997	\$ 18,421,076
Investment earnings	-	2,512	-	9,292	3,725	1,674	879	2,256	9,859	586	1,632	32,415
State sources	-	56,741	-	209,942	84,166	37,827	19,859	51,067	223,182	13,240	36,882	732,906
TOTAL REVENUES	-	1,485,400	-	5,495,981	2,203,341	990,267	519,889	1,336,857	5,842,556	346,595	965,511	19,186,397
EXPENDITURES												
Principal repayment	-	2,050,000	-	3,775,000	2,000,000	965,000	-	1,000,000	4,400,000	-	800,000	14,990,000
Interest	-	102,500	-	1,627,188	80,400	85,049	556,200	392,500	1,030,200	249,900	152,412	4,276,349
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	198,834	198,834
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-	120,000	120,000
Other	-	250	-	250	500	501	498	500	500	500	-	3,499
Total expenditures	-	2,152,750	-	5,402,438	2,080,900	1,050,550	556,698	1,393,000	5,430,700	250,400	1,271,246	19,588,682
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(667,350)	-	93,543	122,441	(60,283)	(36,809)	(56,143)	411,856	96,195	(305,735)	(402,285)
OTHER FINANCING SOURCES (USES):												
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-	22,525,000	22,525,000
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-	(22,324,194)	(22,324,194)
Transfers in	-	752,513	-	32,607	12,586	5,860	2,644	4,564	31,744	-	120,000	962,518
Transfers out	(537,235)	(120,000)	(224,539)	-	-	-	-	-	-	(86,777)	6,033	(962,518)
TOTAL OTHER FINANCING SOURCES (USES)	(537,235)	632,513	(224,539)	32,607	12,586	5,860	2,644	4,564	31,744	(86,777)	326,839	200,806
NET CHANGE IN FUND BALANCES	(537,235)	(34,837)	(224,539)	126,150	135,027	(54,423)	(34,165)	(51,579)	443,600	9,418	21,104	(201,479)
FUND BALANCES												
Beginning of year	537,235	179,933	224,539	301,571	59,670	134,614	98,974	219,979	(1,724)	-	-	1,754,791
End of year	\$ -	\$ 145,096	\$ -	\$ 427,721	\$ 194,697	\$ 80,191	\$ 64,809	\$ 168,400	\$ 441,876	\$ 9,418	\$ 21,104	\$ 1,553,312

**WEST OTTAWA PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021**

	<u>Sinking Fund</u>	<u>Building Transfer</u>	<u>Total Nonmajor Capital Projects</u>
ASSETS			
ASSETS			
Cash and cash equivalents	\$ 1,861,795	\$ 1,070,751	\$ 2,932,546
Investments	-	844,931	844,931
Accounts receivable	-	16,657	16,657
Due from other funds	-	5,558	5,558
Taxes receivable	2,695	-	2,695
	<u>1,864,490</u>	<u>1,937,897</u>	<u>3,802,387</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 257	\$ -	\$ 257
Unearned revenue	-	1,450	1,450
	<u>257</u>	<u>1,450</u>	<u>1,707</u>
TOTAL LIABILITIES			
FUND BALANCES			
Restricted	1,864,233	-	1,864,233
Assigned Capital projects	-	1,936,447	1,936,447
	<u>1,864,233</u>	<u>1,936,447</u>	<u>3,800,680</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 1,864,490</u>	<u>\$ 1,937,897</u>	<u>\$ 3,802,387</u>

**WEST OTTAWA PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2021**

	<u>Sinking Fund</u>	<u>Building Transfer</u>	<u>Total Nonmajor Capital Projects</u>
REVENUES			
Property taxes	\$ 711,051	\$ -	\$ 711,051
Investment earnings	1,887	14,064	15,951
State sources	27,510	-	27,510
Other	-	121,235	121,235
	<u>740,448</u>	<u>135,299</u>	<u>875,747</u>
TOTAL REVENUES	<u>740,448</u>	<u>135,299</u>	<u>875,747</u>
NET CHANGE IN FUND BALANCES	<u>740,448</u>	<u>135,299</u>	<u>875,747</u>
FUND BALANCES			
Beginning of year	<u>1,123,785</u>	<u>1,801,148</u>	<u>2,924,933</u>
End of year	<u>\$ 1,864,233</u>	<u>\$ 1,936,447</u>	<u>\$ 3,800,680</u>

**WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
SINKING FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 708,750	\$ 739,673	\$ 740,448	\$ 775
EXPENDITURES				
Current:				
Capital outlay	1,000,000	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(291,250)	739,673	740,448	775
NET CHANGE IN FUND BALANCE	\$ (291,250)	\$ 739,673	740,448	\$ 775
FUND BALANCE				
Beginning of year			1,123,785	
End of year			\$ 1,864,233	

**WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021**

2014 Building and Site Bonds

June 30,	Interest Rate	Principal Due May 1,	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 31,825,000</u>	<u>\$ 6,662,407</u>	<u>\$ 6,662,409</u>	<u>\$ 45,149,816</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, 2021**

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>	
2022	3.00%	<u>\$ 680,000</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>	<u>\$ 700,400</u>

The above bonds dated February 17, 2015 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$6,580,000.

**WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021**

2016 Refunding Bonds

June 30,	Interest Rate	Principal Due November 1,	Interest Due		Total Due Annually
			May 1	November 1	
2022	1.69%	\$ 950,000	\$ 30,420	\$ 38,448	\$ 1,018,868
2023	1.69%	930,000	22,562	30,420	982,982
2024	1.69%	910,000	14,872	22,562	947,434
2025	1.69%	890,000	7,352	14,872	912,224
2026	1.69%	870,000	-	7,352	877,352
Total 2016 bonded debt		<u>\$ 4,550,000</u>	<u>\$ 75,206</u>	<u>\$ 113,654</u>	<u>\$ 4,738,860</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, 2021**

2017 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>	
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>\$ 1,263,525</u>	<u>\$ 1,541,625</u>	<u>\$ 15,640,150</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, 2021**

2018 Building and Site Bonds

June 30,	Interest Rate	Principal Due November 1,	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 7,450,000</u>	<u>\$ 1,686,250</u>	<u>\$ 1,872,500</u>	<u>\$ 11,008,750</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, 2021**

2019 Building and Site Bonds

June 30,	Interest Rate	Principal Due November 1,	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 17,790,000</u>	<u>\$ 6,078,150</u>	<u>\$ 6,078,150</u>	<u>\$ 29,946,300</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, 2021**

2020 Building and Site 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>	
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>\$ 1,187,500</u>	<u>\$ 1,187,500</u>	<u>\$ 9,725,000</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.

**WEST OTTAWA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021**

2020 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>	
2022	0.64%	\$ 8,425,000	\$ 98,861	\$ 98,861	\$ 8,622,722
2023	0.77%	2,665,000	71,775	71,775	2,808,550
2024	0.93%	2,590,000	61,501	61,501	2,713,002
2025	1.03%	3,030,000	49,458	49,458	3,128,916
2026	1.31%	2,960,000	33,853	33,853	3,027,706
2027	1.42%	2,055,000	14,539	14,539	2,084,078
Total 2020 refunding bonds		<u>\$ 21,725,000</u>	<u>\$ 329,987</u>	<u>\$ 329,987</u>	<u>\$ 22,384,974</u>

The above bonds dated July 30, 2020 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$22,525,000.

**WEST OTTAWA PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
STATISTICAL SECTION OVERVIEW
2020 - 2021**

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
Annual Comprehensive Financial Report
Financial Trends
Net Position by Component
2012 - 2021

<i>Year ended June 30,</i>	Fiscal Year			
	2012	2013	2014	2015 ¹
Governmental Activities				
Net investment in capital assets	\$ 10,876,764	\$ 14,641,571	\$ 21,202,608	\$ 28,235,005
Restricted	1,492,434	2,241,731	2,250,471	1,111,022
Unrestricted	12,030,077	12,206,291	13,312,827	(86,077,638)
Total Primary Government Net Position	\$ 24,399,275	\$ 29,089,593	\$ 36,765,906	\$ (56,731,611)

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

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

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

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Net Position by Component
2012 - 2021

		Fiscal Year					
		2016	2017	2018 ²	2019	2020 ³	2021
\$	34,551,245	\$ 42,699,323	\$ 50,772,203	\$ 65,795,204	\$ 64,828,780	\$ 70,267,864	
	1,252,900	462,650	1,660,242	453,808	2,025,560	2,789,290	
	(86,417,225)	(84,840,964)	(126,463,911)	(129,519,145)	(134,084,592)	(136,020,345)	
\$	(50,613,080)	\$ (41,678,991)	\$ (74,031,466)	\$ (63,270,133)	\$ (67,230,252)	\$ (62,963,191)	

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Expenses, Program Revenues, and Net Expense
2012 - 2021

<i>Year Ended June 30,</i>	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental Activities				
Instruction	\$ 45,638,324	\$ 45,071,399	\$ 45,505,240	\$ 46,521,013
Support services	21,896,188	20,657,796	20,114,506	19,682,129
Community services	877,845	332,842	318,932	316,322
Food services	3,309,239	3,302,496	3,308,115	3,534,078
Student/school activities	-	-	-	-
Outgoing transfers and other	6,738	3,042	1,639	4,150
Interest on long-term debt	6,333,589	6,048,141	5,710,959	6,306,720
Unallocated depreciation	4,040,523	4,140,117	3,633,795	3,980,048
Total Expenses	82,102,446	79,555,833	78,593,186	80,344,460
Program Revenues				
Governmental Activities				
Charges for services:				
Instruction	-	-	-	82,374
Support services	511,520	419,388	204,213	59,039
Community services	472,395	29,947	-	-
Food services	1,136,823	1,045,313	1,085,180	1,046,469
Operating grants and contributions	10,457,728	11,879,532	13,142,471	13,853,104
Total Program Revenues	12,578,466	13,374,180	14,431,864	15,040,986
Net Expense	\$ (69,523,980)	\$ (66,181,653)	\$ (64,161,322)	\$ (65,303,474)

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Expenses, Program Revenues, and Net Expense
2012 - 2021

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	48,231,758	\$	49,124,124	\$	51,831,632	\$	51,468,755	\$	54,870,445	\$	53,453,707
	20,069,557		19,777,059		21,253,780		22,159,225		34,455,672		32,388,856
	300,021		271,776		288,892		262,576		343,025		380,675
	3,489,817		3,864,801		3,745,830		3,778,367		4,199,900		3,908,984
	-		-		-		-		1,365,037		546,701
	3,225		-		-		-		-		-
	5,396,764		5,225,389		4,713,177		4,707,960		7,576,075		4,051,588
	3,918,569		4,457,804		4,037,812		3,738,642		4,773,258		5,549,951
	81,409,711		82,720,953		85,871,123		86,115,525		107,583,412		100,280,462
	34,882		109,019		103,051		104,598		76,574		47,228
	119,605		130,975		134,694		96,387		101,745		-
	-		-		-		-		-		-
	1,030,297		1,170,296		1,120,049		1,183,173		1,052,731		279,382
	13,200,958		17,038,196		18,719,153		18,569,936		20,788,727		23,945,475
	14,385,742		18,448,486		20,076,947		19,954,094		22,019,777		24,272,085
\$	(67,023,969)	\$	(64,272,467)	\$	(65,794,176)	\$	(66,161,431)	\$	(85,563,635)	\$	(76,008,377)

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
General Revenues and Total Change in Net Position
2012 - 2021

<i>Year Ended June 30,</i>	Fiscal Year			
	2012	2013 ¹	2014	2015 ²
Net Expense	\$ (69,523,980)	\$ (66,181,653)	\$ (64,161,322)	\$ (65,303,474)
General Revenues				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	10,677,549	10,564,165	10,534,974	10,841,989
Property taxes levied for debt service	12,848,930	14,239,656	14,532,941	14,976,832
Property taxes levied for repair & improvement	550,079	549,866	561,406	578,595
State sources	40,119,866	40,510,276	40,102,845	40,899,930
Intermediate sources	6,484,970	5,501,414	5,621,831	5,195,761
Unrestricted federal sources	128,606	-	-	-
Interest and investment earnings	23,231	42,596	43,930	542,258
Miscellaneous	266,829	229,134	439,708	350,297
Total General Revenues	71,100,060	71,637,107	71,837,635	73,385,662
Change in Net Position	1,576,080	5,455,454	7,676,313	8,082,188
Prior period adjustment or restatement	-	(765,136)	-	(101,579,705)
Net Position- Beginning of Year	22,823,195	24,399,275	29,089,593	36,765,906
Net Position- End of Year	\$ 24,399,275	\$ 29,089,593	\$ 36,765,906	\$ (56,731,611)

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

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

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

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

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
General Revenues and Total Change in Net Position
2012 - 2021

		Fiscal Year									
		2016	2017	2018 ³	2019	2020 ⁴	2021				
\$	(67,023,969)	\$	(64,272,467)	\$	(65,794,176)	\$	(66,161,431)	\$	(85,563,635)	\$	(76,008,377)
	11,228,825		11,519,032		11,782,053		12,177,760		12,822,624		13,385,295
	15,519,729		15,292,320		15,827,830		16,566,276		17,499,872		18,421,076
	598,985		587,702		604,000		626,633		655,644		711,051
	39,589,543		39,447,322		39,676,076		40,917,323		40,004,363		40,837,004
	5,084,906		5,548,347		5,424,135		5,196,732		6,837,972		6,571,003
	-		-		-		-		-		-
	354,031		268,130		321,171		956,133		1,504,145		200,117
	766,481		543,703		546,823		481,907		528,115		149,892
	73,142,500		73,206,556		74,182,088		76,922,764		79,852,735		80,275,438
	6,118,531		8,934,089		8,387,912		10,761,333		(5,710,900)		4,267,061
	-		-		(40,740,387)		-		1,750,781		-
	(56,731,611)		(50,613,080)		(41,678,991)		(74,031,466)		(63,270,133)		(67,230,252)
\$	(50,613,080)	\$	(41,678,991)	\$	(74,031,466)	\$	(63,270,133)	\$	(67,230,252)	\$	(62,963,191)

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Fund Balances - Governmental Funds
2012 - 2021

<i>Year Ended June 30,</i>	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 60,958	\$ 40,886	\$ 206,354	\$ 39,794
Assigned	3,389,000	1,606,000	296,000	1,410,000
Unassigned	8,178,206	9,715,816	11,745,876	11,823,540
Total General Fund	11,628,164	11,362,702	12,248,230	13,273,334
All Other Governmental Funds				
Nonspendable	48,052	18,284	40,464	33,545
Restricted for capital projects	217,452	395,948	46,594,256	45,171,998
Restricted for debt service	898,062	1,478,770	2,017,266	1,092,934
Restricted for food service	1,057,791	897,154	1,101,611	991,434
Restricted for child care	8,397	-	-	-
Committed for student/school activities	-	-	-	-
Assigned	478,298	1,000,636	1,196,468	1,542,944
Total All Other Governmental Funds	2,708,052	3,790,792	50,950,065	48,832,855
Total Fund Balances	\$ 14,336,216	\$ 15,153,494	\$ 63,198,295	\$ 62,106,189

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Fund Balances - Governmental Funds
2012 - 2021

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 45,425	\$ 115,131	\$ 125,504	\$ 120,887	\$ 192,430	\$ 266,958
1,290,000	-	-	700,000	208,000	-
11,916,028	14,830,562	15,906,096	14,906,908	16,217,142	19,379,664
13,251,453	14,945,693	16,031,600	15,727,795	16,617,572	19,646,622
24,651	41,590	17,083	23,862	7,005	11,347
36,226,730	17,163,082	24,232,785	43,904,226	45,533,169	28,134,370
1,618,110	1,389,622	1,982,836	1,817,069	1,754,791	1,553,312
1,019,572	819,499	973,571	1,070,128	1,129,375	1,222,603
-	-	-	-	-	-
-	-	-	-	1,443,100	1,482,314
2,608,419	3,478,105	945,093	1,329,627	1,801,148	1,936,447
41,497,482	22,891,898	28,151,368	48,144,912	51,668,588	34,340,393
\$ 54,748,935	\$ 37,837,591	\$ 44,182,968	\$ 63,872,707	\$ 68,286,160	\$ 53,987,015

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Governmental Funds Revenues
2012 - 2021

<i>Year Ended June 30,</i>	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Federal Sources				
Federal grants	\$ 3,517,192	\$ 3,053,173	\$ 2,950,098	\$ 2,728,324
Food service fund	2,192,108	2,425,094	2,476,803	2,646,955
Total federal sources	5,709,300	5,478,267	5,426,901	5,375,279
State Sources				
Restricted	5,032,571	6,482,987	7,715,570	8,477,825
Unrestricted	40,119,866	40,510,276	40,102,845	40,899,930
Total state sources	45,152,437	46,993,263	47,818,415	49,377,755
Other Governmental Units				
Ottawa Area ISD and other districts	6,512,865	5,501,414	5,624,904	5,195,761
Miscellaneous	-	-	-	-
Total other governmental units	6,512,865	5,501,414	5,624,904	5,195,761
Local Sources				
Property taxes	24,086,820	25,353,687	25,629,321	26,393,704
Student/school activity income	-	-	-	-
Food service fund	1,582,488	1,071,682	1,049,624	1,027,290
Interest and other income	18,231	42,596	40,576	484,416
Miscellaneous	782,184	569,343	649,554	622,934
Total local sources	26,469,723	27,037,308	27,369,075	28,528,344
Total Revenues	\$ 83,844,325	\$ 85,010,252	\$ 86,239,295	\$ 88,477,139

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Governmental Funds Revenues
2012 - 2021

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	3,009,257	\$	2,848,826	\$	2,700,591	\$	3,081,656	\$	3,222,425	\$	6,871,465
	2,776,066		2,787,516		2,702,355		2,748,904		3,037,920		4,027,462
	5,785,323		5,636,342		5,402,946		5,830,560		6,260,345		10,898,927
	10,487,460		11,849,137		13,172,346		13,012,964		13,385,378		13,370,608
	39,589,543		39,447,322		39,676,076		40,917,323		40,004,363		40,837,004
	50,077,003		51,296,459		52,848,422		53,930,287		53,389,741		54,207,612
	5,302,526		5,633,943		5,424,135		5,196,732		6,837,972		6,571,003
	7,352		29,425		25,190		83,061		63,163		1,880
	5,309,878		5,663,368		5,449,325		5,279,793		6,901,135		6,572,883
	27,347,539		27,399,054		28,213,883		29,370,669		30,978,140		32,517,422
	-		-		-		-		1,057,356		585,915
	1,022,345		1,140,209		1,080,728		1,030,557		884,879		273,124
	354,031		268,130		321,171		956,133		1,504,145		200,117
	935,948		710,348		884,227		740,028		811,123		211,162
	29,659,863		29,517,741		30,500,009		32,097,387		35,235,643		33,787,740
\$	90,832,067	\$	92,113,910	\$	94,200,702	\$	97,138,027	\$	101,786,864	\$	105,467,162

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Governmental Funds Expenditures and Debt Service Ratio
2012 - 2021

<i>Year Ended June 30,</i>	Fiscal Year			
	2012	2013	2014	2015
Expenditures				
Instruction	\$ 45,663,725	\$ 45,041,645	\$ 45,585,350	\$ 46,734,889
Pupil support services	3,173,393	3,522,959	3,364,906	3,608,641
Instructional support services	2,155,466	1,738,073	2,014,383	2,473,457
General administration	483,323	420,083	449,041	449,215
School administration	4,036,416	3,732,852	3,467,188	3,383,404
Business services	733,471	596,879	579,158	551,582
Operations and maintenance	5,911,210	5,434,338	5,500,296	5,174,966
Pupil transportation services	4,051,102	3,239,750	2,483,522	2,478,460
Central support services	1,420,056	1,514,610	1,339,048	1,094,908
Other support services	1,145,113	1,134,074	1,254,638	1,160,287
Community services	342,769	294,478	318,932	316,322
Student/school activity expenses	-	-	-	-
Food service	3,309,241	3,357,104	3,314,534	3,551,991
Child care	535,076	38,364	-	-
Capital outlay	977,788	402,899	844,711	2,572,792
Debt service				
Principal	6,155,907	7,486,519	7,576,096	6,807,728
Interest and other	6,868,473	7,245,549	6,629,509	8,169,220
Total Expenditures	\$ 86,962,529	\$ 85,200,176	\$ 84,721,312	\$ 88,527,862
Debt Service as a Percentage of Noncapital Expenditures	15.1%	17.4%	16.9%	17.4%

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Governmental Funds Expenditures and Debt Service Ratio
2012 - 2021

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	48,351,220	\$	48,737,298	\$	49,227,253	\$	49,305,510	\$	49,502,820	\$	50,301,849
	3,610,729		3,714,878		3,869,853		4,024,272		4,451,443		4,488,420
	2,681,827		2,425,123		2,509,976		2,999,980		3,603,281		3,482,772
	517,412		538,696		599,846		804,495		632,825		722,105
	3,292,150		3,279,984		3,419,486		3,694,359		4,187,677		4,404,952
	619,535		579,649		613,449		648,581		819,069		864,821
	5,451,672		5,245,591		5,791,705		6,474,669		6,381,202		6,966,271
	2,388,738		2,409,560		2,499,977		2,721,551		2,610,100		2,322,584
	912,834		909,015		1,179,456		1,099,088		917,221		683,468
	1,314,558		1,121,906		1,234,993		1,329,613		1,449,110		1,422,698
	300,021		271,776		288,892		262,576		343,025		387,864
	-		-		-		-		1,365,037		546,701
	3,500,560		3,855,129		3,742,606		3,643,941		3,998,340		3,745,194
	-		-		-		-		-		-
	9,519,456		18,648,593		11,997,640		8,944,181		9,581,439		19,946,246
	6,478,522		6,607,650		6,656,750		7,603,957		7,281,417		14,990,000
	8,732,097		9,393,359		9,431,288		9,981,873		11,032,390		4,697,426
\$	97,671,331	\$	107,738,207	\$	103,063,170	\$	103,538,646	\$	108,156,396	\$	119,973,371
	17.3%		18.2%		17.2%		18.7%		18.6%		17.8%

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Other Financing Sources (Uses) and Net Change
in Fund Balances, Governmental Funds
2012 - 2021

<i>Year ended June 30,</i>	Fiscal Year			
	2012	2013	2014	2015
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,118,204)	\$ (189,924)	\$ 1,517,983	\$ (50,723)
Other Financing Sources (Uses)				
Issuance of bonds	-	62,895,000	42,500,000	-
Refunding bonds issued	-	-	-	6,580,000
Premium on bonds issued	-	4,907,100	4,025,736	469,680
Payment to escrow agent	-	(66,751,890)	-	(8,001,140)
Proceeds from sale of capital assets	-	-	30,204	7,049
Transfers in	580,204	968,954	235,258	1,704,831
Transfers out	(580,204)	(968,954)	(235,258)	(1,704,831)
Other	-	(43,008)	(29,122)	(96,972)
Total Other Financing Sources (Uses)	-	1,007,202	46,526,818	(1,041,383)
Net Change in Fund Balances	\$ (3,118,204)	\$ 817,278	\$ 48,044,801	\$ (1,092,106)

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Financial Trends
Other Financing Sources (Uses) and Net Change
in Fund Balances, Governmental Funds
2012 - 2021

		Fiscal Year					
		2016	2017	2018	2019	2020	2021
\$	(6,839,264)	\$ (16,906,140)	\$ (8,862,468)	\$ (6,400,619)	\$ (6,369,532)	\$ (14,506,209)	
	-	-	13,795,000	22,190,000	7,350,000	-	-
	-	5,715,000	12,835,000	-	-	22,525,000	-
	-	-	3,180,184	3,887,940	1,682,204	-	-
	-	(5,673,744)	(14,611,442)	-	-	(22,324,194)	-
	-	-	9,103	12,418	-	6,258	-
	216,282	1,788,900	407,918	256,229	256,873	1,172,518	-
	(216,282)	(1,788,900)	(407,918)	(256,229)	(256,873)	(1,172,518)	-
	(517,990)	(1,328,303)	-	-	-	-	-
	(517,990)	(1,287,047)	15,207,845	26,090,358	9,032,204	207,064	-
\$	(7,357,254)	\$ (18,193,187)	\$ 6,345,377	\$ 19,689,739	\$ 2,662,672	\$ (14,299,145)	

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REVENUE AND DEBT CAPACITY

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Taxable Value and Actual Value of Taxable Property
Fiscal Years 2011-2012 through 2020-2021
(rate per \$1,000 of assessed value)

<i>Tax Year</i>	Fiscal Year	Estimated Market Value	State Equalized Value
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
2020	2020-21	6,222,145,000	3,111,072,500

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Taxable Value and Actual Value of Taxable Property
Fiscal Years 2011-2012 through 2020-2021
(rate per \$1,000 of assessed value)

Taxable Value			District Tax Rates			
Non-Homestead Property	Homestead Property	Total	Operating	Debt	Other	Total
\$ 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
811,661,218	1,539,506,922	2,351,168,140	18.0000	7.7500	0.3000	26.0500

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Direct and Overlapping Property Tax Rates
Fiscal Years 2011-2012 through 2020-2021
(rate per \$1,000 of assessed value)

District Tax Rates

<i>Tax Year</i>	Fiscal Year	Operating	Debt	Other	Total
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
2020	2020-21	18.0000	7.7500	0.3000	26.0500

Source: Ottawa County Equalization Department and District records.

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Direct and Overlapping Property Tax Rates
Fiscal Years 2011-2012 through 2020-2021
(rate per \$1,000 of assessed value)

Overlapping Rates

Port Sheldon Township	Holland Township	Park Township	Olive Township
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
2.1997	4.8600	2.7612	4.4754

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

<i>Year Ended December 31,</i>	2020				
Taxpayer	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
Request Foods	\$ 15,619,311	1	0.66%	\$ -	\$ 15,619,311
Consumers Energy Co.	13,817,823	2	0.59%	-	13,817,823
L Perrigo Company	7,071,512	3	0.30%	5,756,031	12,827,543
Grandquest Realty LLC	9,890,434	4	0.42%	-	9,890,434
SEMCO	8,093,000	5	0.34%	-	8,093,000
Yes Companies Fred LLC	8,082,401	6	0.34%	-	8,082,401
CW Clearview LLC	7,589,294	7	0.32%	-	7,589,294
Stellar Hospitality Holland LLC	6,985,331	8	0.30%	-	6,985,331
Trendway Corporation	6,219,000	9	0.26%	-	6,219,000
Occidental Development LTD	5,824,225	10	0.25%	-	5,824,225
Hoover Universal, Inc					
Boars Head Provisions					
Geenen DeKock Prop. LLC					
DRG Clearview LLC					
Donnelly Corp.					
Metal Flow Corp.					
Lakeshore Campus LLC					
Total principal taxpayers	89,192,331		3.79%	\$ 5,756,031	\$ 94,948,362
Balance of valuations	2,261,975,809		96.21%		
Total Ad Valorem Valuation	\$ 2,351,168,140		100.00%		

*NOTE: District Annual Disclosure

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

2011					
Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value	
\$ 5,677,900	2	0.32%	\$ 12,597,300	\$ 18,275,200	
8,463,144	4	0.47%	-	8,463,144	
5,150,100	8	0.29%	-	5,150,100	
-	1	0.00%	23,575,400	23,575,400	
4,528,500	3	0.25%	8,406,400	12,934,900	
8,145,300	5	0.46%	-	8,145,300	
6,847,000	6	0.38%	-	6,847,000	
6,618,200	7	0.37%	-	6,618,200	
4,834,100	10	0.27%	-	4,834,100	
5,051,600	9	0.28%	-	5,051,600	
55,315,844		3.09%	\$ 44,579,100	\$ 99,894,944	
1,732,203,877		96.91%			
\$ 1,787,519,721		100.00%			

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Property Tax Levies and Collections
Fiscal Years 2011-2012 through 2020-2021

<i>Tax Year</i>	<i>Fiscal Year</i>	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2020	2020-21	13,486,197	12,957,159	96.08%	512,256	13,469,415	99.88%

*NOTE: District Annual Disclosure

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Outstanding Debt by Type
Fiscal Years 2011-2012 through 2020-2021

<i>Tax Year</i>	<i>Fiscal Year</i>	General Obligation Bonds	Total Taxable Value	Outstanding Debt as a % of Taxable Value	Estimated Population ¹	Net Outstanding Debt Per Capita	Taxable Value Per Capita
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
2020	2020-21	104,205,000	2,351,168,140	4.43%	56,465	1,845	41,639

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

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Ratio of Outstanding Debt
Fiscal Years 2011-2012 through 2020-2021

<i>Tax Year</i>	<i>Fiscal Year</i>	General Obligation Bonds	Less Pledged Debt Retirement Fund Balance	Net General Bonded Debt	State Equalized Value (SEV)	Percent of Net Bonded Debt to State Equalized Value (SEV)	Percent of Bonded Debt to Estimated Actual Value of Taxable Property	Estimated Population ¹	Net General Bonded Debt per Capita
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
2020	2020-21	104,205,000	-	104,205,000	3,111,072,500	3.35%	6.70%	56,465	1,845

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

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Direct and Overlapping Governmental Activities Debt
as of June 30, 2021

Year Ended June 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Holland Township	\$ 20,210,211	70.57%	\$ 14,262,346
Olive Township	285,461	43.62%	124,518
Park Township	2,960,647	87.72%	2,597,080
Port Sheldon Township	112,883	46.17%	52,118
Ottawa County	32,326,453	18.71%	6,048,279
Subtotal, overlapping debt			<u>23,084,341</u>
District Direct Debt			<u>104,205,000</u>
Total Direct and Overlapping Debt			<u>\$ 127,289,341</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
Annual Comprehensive Financial Report
Revenue and Debt Capacity
Legal Debt Margin Information
Fiscal Years 2011-2012 through 2020-2021

Legal Debt Margin Calculation for Fiscal Year 2019-20:

State Equalized Valuation (SEV), July 1, 2020	\$ 3,111,072,500
Statutory Debt Limit (15% of SEV)	466,660,875
Debt applicable to limit	104,205,000

Legal Debt Margin \$ 362,455,875

<i>Tax Year</i>	<i>Fiscal Year</i>	State Equalized Value (SEV)	Statutory Debt Limit 15% of SEV	Debt Subject to Debt Limit	Legal Debt Margin	Debt as a Percentage of Debt Limit
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%
2020	2020-21	3,111,072,500	466,660,875	104,205,000	362,455,875	22.33%

DEMOGRAPHIC AND ECONOMIC INFORMATION

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Demographic and Economic Information
Demographic and Economic Statistics
Fiscal Years 2011-2012 through 2020-2021

<i>Tax Year</i>	<i>Fiscal Year</i>	Estimated Population	Unemployment ¹			Inflation Rate ²	Personal Income ³	
			City of Holland and Grand Haven	County of Ottawa	State of Michigan		Total (in thousands)	Per Capita
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%	14,400,384	49,418
2020	2020-21	56,465	N/A	4.3%	5.0%	5.4%	N/A	N/A

¹ Federal Reserve Economic Data

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

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

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

<i>Year Ended December 31,</i>		2020		2011	
Employer	Type of Business	Rank	Percentage of Total Employment	Rank	Percentage of Total Employment
Gentex Corporation	Automotive Mirrors	1	3.7%	3	1.9%
Herman Miller	Office Furniture	2	2.6%	1	2.8%
Grand Valley State University (3)	Higher Education	3	2.5%	4	1.4%
Magna Mirrors (2)	Automotive Mirrors	4	1.2%	8	1.0%
Shape Corporation	Metal Roll Forming	5	1.2%	10	0.8%
Holland Hospital	Health Care	6	1.2%	5	1.4%
Meijer	Retailer	7	1.0%	6	1.0%
Hudsonville Public School	Public Education	8	0.9%		
Tyson Foods	Food Processing	9	0.8%		
County of Ottawa	Government	10	0.8%	9	0.9%
Haworth (2)	Office Furniture			7	1.3%
Johnson Controls (2)	Automotive Interior Parts			2	1.9%
			15.9%		14.4%

¹ Excludes temporary employment agencies

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

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

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Demographic and Economic Information
Full-Time-Equivalent District Employees by Type
Fiscal Years 2011-2012 through 2020-2021

Full-Time - Equivalent Employees as of June 30,

Employee Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrators	28	29	29	27	29	27	31	33	33	41
Teachers	439	442	424	425	425	425	424	411	399	454
Clerical/Secretarial	44	42	40	35	35	35	26	25	31	25
Food Service	58	50	59	61	59	61	58	57	47	57
Educational Assistants/Clerks	71	58	69	68	73	68	73	75	76	75
Maintenance/Grounds/Custodial	34	29	22	22	20	22	17	11	12	11
Bus Drivers/Mechanics	61	63	68	66	63	66	60	63	49	54
Data/Technology Services	5	5	5	4	4	4	3	3	3	3
Security/Other	9	9	9	8	6	8	5	5	5	5
Total	749	727	725	716	714	716	697	683	655	725

*NOTE: District Annual Disclosure

OPERATIONAL INFORMATION

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Operational Information
Operating Statistics
Fiscal Years 2011-2012 through 2020-2021

Fiscal Year	Enrollment ¹	Percent Change	Operating Expenditures ²	Percent Change	Cost Per Pupil	Percent Change	Percent of Students Receiving Free or Reduced-Price Meals ³
2011-12	7,435	-0.74%	\$ 69,116,044	0.16%	\$ 9,296	0.91%	54.09%
2012-13	7,391	-0.59%	66,669,741	-3.54%	9,020	-2.97%	55.00%
2013-14	7,240	-2.04%	66,356,462	-0.47%	9,165	1.61%	54.37%
2014-15	7,126	-1.58%	67,426,131	1.61%	9,462	3.24%	54.29%
2015-16	6,964	-2.27%	69,440,696	2.99%	9,971	5.38%	55.05%
2016-17	6,848	-1.67%	69,233,476	-0.30%	10,110	1.39%	52.86%
2017-18	6,810	-0.55%	71,234,886	2.89%	10,460	3.46%	56.67%
2018-19	6,739	-1.04%	74,643,582	4.79%	11,076	5.89%	54.95%
2019-20	6,682	-0.85%	75,294,196	0.87%	11,268	1.73%	52.45%
2020-21	6,632	-0.75%	77,386,603	2.78%	11,669	3.55%	50.81%

¹ Blended count on State Aid Status Reports.

² Audited Financial Statements.

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

WEST OTTAWA PUBLIC SCHOOLS
Annual Comprehensive Financial Report
Operational Information
School Building Information
June 30, 2021

Year Ended June 30, 2021

Site	Grade Configuration	Acreage	Date Originally Constructed	Additions	Square Feet
Glerum Transportation Center	N/A	17.14	1953*	1973,1992,1997	10,327
Great Lakes Elementary	K-5	177.90	1998		67,098
Lakeshore Elementary	K-5	25.25	1993		68,500
Lakewood Elementary	K-5	12.21	1916*	1955,1962,1983,1988,1992	61,770
North Holland Elementary	K-5	15.30	1965	1992,1997, 2019	37,490
Pine Creek Elementary	K-5	156.51	1989		68,500
Sheldon Woods Elementary	K-5	21.23	1965	1992,2004	35,000
Woodside Elementary	K-5	10.39	1965	1986,1992, 2019	72,776
Waukazoo Elementary	K-5	17.86	1917,1937*	1956,1988,1991,2017	66,430
Harbor Lights Middle	6-8	156.51	1961	1977,1988,1990,1997	246,300
Macatawa Bay Middle	6-8	156.51	1972	1992,1993,1997, 2017	211,922
North High School	9-12	177.90	2005		335,000
South High School	9-12	177.90	1999		247,000
South High School Pole Barn	N/A	N/A	1997		5,050
Administration Building	N/A	N/A	2000		12,428
New Transportation	N/A	N/A	2019		11,011
Maintenance Garage	N/A	N/A	1971*	1976,1981,1982,1985	7,411

*NOTE: Demolished

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**WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/20	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2021
<u>U.S. Department of Agriculture</u>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program	10.555	N/A	\$ 209,131	\$ -	\$ -	\$ -	\$ 209,131	\$ 209,131	\$ -
Cash Assistance									
National School Lunch Program	10.555	191960	1,690,188	-	1,703,889	13,701	(13,701)	-	-
COVID-19 - National School Lunch Program		200902	989,549	199,774	989,549	-	-	199,774	-
			<u>2,679,737</u>	<u>199,774</u>	<u>2,693,438</u>	<u>13,701</u>	<u>(13,701)</u>	<u>199,774</u>	<u>-</u>
Total CFDA #10.555			<u>2,888,868</u>	<u>199,774</u>	<u>2,693,438</u>	<u>13,701</u>	<u>195,430</u>	<u>408,905</u>	<u>-</u>
School Breakfast Program	10.553	191970	<u>642,930</u>	<u>-</u>	<u>648,619</u>	<u>5,689</u>	<u>(5,689)</u>	<u>-</u>	<u>-</u>
Summer Food Service Program for Children	10.559	210904	3,403,755	-	-	-	3,403,755	3,131,793	271,962
Summer Food Service Program for Children		200900	416,532	-	-	-	416,532	416,532	-
Total CFDA #10.559			<u>3,820,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,820,287</u>	<u>3,548,325</u>	<u>271,962</u>
Total cash assistance			<u>7,142,954</u>	<u>199,774</u>	<u>3,342,057</u>	<u>19,390</u>	<u>3,800,897</u>	<u>3,748,099</u>	<u>271,962</u>
Total Child Nutrition Cluster			<u>7,352,085</u>	<u>199,774</u>	<u>3,342,057</u>	<u>19,390</u>	<u>4,010,028</u>	<u>3,957,230</u>	<u>271,962</u>
Child and Adult Care Food Programs	10.558	212010/211920	17,434	-	-	-	17,434	17,434	-
Total U.S. Department of Agriculture			<u>7,369,519</u>	<u>199,774</u>	<u>3,342,057</u>	<u>19,390</u>	<u>4,027,462</u>	<u>3,974,664</u>	<u>271,962</u>

**WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/20	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2021
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	211530-2021	\$ 959,572	\$ -	\$ -	\$ -	\$ 934,505	\$ 748,011	\$ 186,494
Title I Grants to Local Educational Agencies		201530-1920	1,177,405	116,236	1,097,951	-	-	116,236	-
Total CFDA #84.010			2,136,977	116,236	1,097,951	-	934,505	864,247	186,494
Migrant Education State Grant Program	84.011	211890-2021	113,148	-	-	-	93,972	75,840	18,132
Migrant Education State Grant Program		201890-1920	148,659	6,796	117,045	-	-	6,796	-
Migrant Education State Grant Program - Summer	84.011A	211830-20 21	-	-	-	(93)	31,449	-	31,356
Migrant Education State Grant Program - Summer		201830-1920	163,655	16,188	16,188	94	81,634	97,916	-
Total CFDA #84.011			425,462	22,984	133,233	1	207,055	180,552	49,488
English Language Acquisition State Grants	84.365	210580-2021	185,100	-	-	-	121,463	101,184	20,279
English Language Acquisition State Grants		200580-1920	115,961	12,305	73,838	-	-	12,305	-
Total CFDA #84.365			301,061	12,305	73,838	-	121,463	113,489	20,279
Supporting Effective Instruction State Grants	84.367	210520-2021	421,225	-	-	-	203,272	119,591	83,681
Supporting Effective Instruction State Grants		200520-1920	467,931	46,176	345,508	-	-	46,176	-
Total CFDA #84.367			889,156	46,176	345,508	-	203,272	165,767	83,681
Student Support and Academic Enrichment	84.424	210750-2021	106,837	-	-	-	85,154	76,329	8,825
Student Support and Academic Enrichment		200750-1920	106,831	28,916	73,838	-	-	28,916	-
Total CFDA #84.424			213,668	28,916	73,838	-	85,154	105,245	8,825
Education Stabilization Fund									
COVID-19 Governor's Emergency Education Relief Fund (GEER I)	84.425C	201200	468,861	-	-	-	466,573	466,381	192
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	203720-1920	83,405	-	-	-	83,053	83,202	(149)
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	203710-1920	834,052	-	-	-	812,801	643,886	168,915
Total CFDA #84.425 and Education Stabilization Fund			1,386,318	-	-	-	1,362,427	1,193,469	168,958

**WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/20	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2021
<u>U.S. Department of Education</u>									
Passed through Ottawa Area Intermediate School District (OAISD)									
Special Education Cluster									
Special Education Grants to States	84.027	210450-2021	\$ 1,333,430	\$ -	\$ -	\$ -	\$ 1,333,430	\$ 809,895	\$ 523,535
Special Education Grants to States		200450-1920	1,259,620	740,119	1,259,620	-	-	740,119	-
Special Education Preschool Grants	84.173	210460-2021	47,489	-	-	-	47,489	35,287	12,202
Special Education Preschool Grants		200460-1920	40,430	25,666	40,430	-	-	25,666	-
Total Special Education Cluster:			<u>2,680,969</u>	<u>765,785</u>	<u>1,300,050</u>	<u>-</u>	<u>1,380,919</u>	<u>1,610,967</u>	<u>535,737</u>
Education for Homeless Children and Youth	84.196	212320-2021	1,440	-	-	-	951	600	351
Education for Homeless Children and Youth		202320-1920	2,201	818	1,333	-	-	818	-
Total CFDA #84.196			<u>3,641</u>	<u>818</u>	<u>1,333</u>	<u>-</u>	<u>951</u>	<u>1,418</u>	<u>351</u>
Total U.S. Department of Education			<u>8,037,252</u>	<u>993,220</u>	<u>3,025,751</u>	<u>1</u>	<u>4,295,746</u>	<u>4,235,154</u>	<u>1,053,813</u>
<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	N/A	10,000	-	-	-	4,351	4,351	-
Medical Assistance Program		N/A	9,969	1,784	9,969	-	-	1,784	-
Total U.S. Department of Health and Human Services			<u>19,969</u>	<u>1,784</u>	<u>9,969</u>	<u>-</u>	<u>4,351</u>	<u>6,135</u>	<u>-</u>
<u>U.S. Department of Treasury</u>									
Passed through Michigan Department of Education									
COVID-19 Coronavirus Relief Funds	21.019	11(p)	2,338,745	-	-	-	2,338,745	2,338,745	-
COVID-19 Coronavirus Relief Funds		103(2)	82,323	-	-	-	82,323	82,323	-
Total Passed through Michigan Department of Education			<u>2,421,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,421,068</u>	<u>2,421,068</u>	<u>-</u>
Passed through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds - MiConnect Connectivity Funding	21.019		122,500	-	-	-	122,500	122,500	-
Total CFDA #21.019			<u>2,543,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,543,568</u>	<u>2,543,568</u>	<u>-</u>
Total U.S. Department of Treasury			<u>2,543,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,543,568</u>	<u>2,543,568</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 17,970,308</u>	<u>\$ 1,194,778</u>	<u>\$ 6,377,777</u>	<u>\$ 19,391</u>	<u>\$ 10,871,127</u>	<u>\$ 10,759,521</u>	<u>\$ 1,325,775</u>

The accompanying notes are an integral part of this schedule.

**WEST OTTAWA PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

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, 2021. 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, 2021:

General fund	\$ 6,871,465
Other nonmajor governmental fund	<u>4,027,462</u>
Total federal revenue in the fund financial statements	10,898,927
Less: Federal assistance funding not subject to single audit act	<u>(27,800)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 10,871,127</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, 2021, 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 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Manes Costeiran PC

October 15, 2021

**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, 2021. 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, 2021.

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 15, 2021

**WEST OTTAWA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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:

- | | | | |
|---|-----------|-------------------|--|
| <input type="checkbox"/> Material weakness(es) identified ? | _____ Yes | _____ <u>X</u> No | |
| <input type="checkbox"/> Significant deficiency(ies) identified ? | _____ Yes | _____ <u>X</u> No | |
| Noncompliance material to financial statements | _____ Yes | _____ <u>X</u> No | |

Federal Awards

Internal control over major programs:

- | | | | |
|---|-----------|-------------------|--|
| <input type="checkbox"/> Material weakness(es) identified ? | _____ Yes | _____ <u>X</u> No | |
| <input type="checkbox"/> Significant deficiency(ies) identified ? | _____ Yes | _____ <u>X</u> 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
84.425	Education Stabilization Fund
21.019	Coronavirus Relief Fund

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, 2021**

There were no audit findings in the prior year.



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