



Annual Financial Report Year Ended June 30, 2016



Kiekoover, Scholma & Shumaker, PC
Certified Public Accountants and Consultants

**Zeeland Public Schools
FINANCIAL REPORT
Year Ended June 30, 2016**

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	ii-iii
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	iv-x
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Activities	2
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds	
To the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
FIDUCIARY FUND FINANCIAL STATEMENTS	
Statement of Net Position – Fiduciary Funds	7
NOTES TO FINANCIAL STATEMENTS	8-26
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual – General Fund	27
Schedule of the District’s Proportionate Share of the Net Pension Liability	28
Schedule of District Contributions.....	29
OTHER SUPPLEMENTARY INFORMATION:	
COMBINING STATEMENTS:	
Combining Balance Sheet – Nonmajor Governmental Funds	30
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
– Nonmajor Governmental Funds.....	31
OTHER INFORMATION:	
Agency Fund – Schedule of Cash Receipts, Disbursements and Liabilities by Activity	
– Student Activities Fund.....	32-36
Schedule of Bonded Indebtedness	37-39



INDEPENDENT AUDITOR'S REPORT

October 26, 2016

Board of Education
Zeeland Public Schools
Zeeland, Michigan

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 Zeeland Public Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's 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 Zeeland Public Schools as of June 30, 2016, and the respective changes in financial position 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 required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 Zeeland Public Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is 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. This information has 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 basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016 on our consideration of Zeeland 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 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 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 Zeeland Public Schools' internal control over financial reporting and compliance.

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

As management of Zeeland Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- ◆ The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$58,849,419 (*deficit net position*). The District reports a \$78,304,076 deficit balance of unrestricted net position as of June 30, 2016.
- ◆ The district's total net position decreased by \$301,384. Net investment in capital assets increased by \$61,836, while restricted net position decreased by \$270,996, and unrestricted net position decreased by \$92,224.
- ◆ As of the close of the current fiscal year, the District governmental funds reported combined ending fund balances of \$39,859,197, a decrease of \$8,933,378 in comparison with the prior year. Approximately 6% of this amount, \$2,318,206, is *available for spending* at the District's discretion (*unassigned fund balance*).
- ◆ At the end of the current fiscal year, unrestricted fund balance (the total of *committed*, *assigned* and *unassigned* components of fund balance) for the general fund was \$2,318,206, or 3.9% of total general fund expenditures and transfers out, which amounted to \$59,243,407.
- ◆ The District's total debt decreased by \$5,328,694 (4.5%) during the current fiscal year. This was the result of the District making its required scheduled debt service payments of \$5,703,425, granting \$375,832 of special termination benefits, and a net decrease in accrued compensated absences of \$1,101.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-Wide Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g. uncollected taxes and earned but unused vacation leave).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fee and charges (business-type activities). All of District's activities are classified as governmental activities.

The district-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has two kinds of funds: governmental funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Building and Site Fund (capital project fund), and 2015 Construction Fund, all of which are considered to be major funds. Data from the other five (5) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District accounts for one type of fiduciary funds – agency funds.

The basic fiduciary fund financial statements can be found on page 7 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 8-26 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparison schedule for the District's General Fund, Schedule of the District's proportionate share of the net pension liability, schedule of District contributions. Required supplementary information can be found on pages 27-29 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combining statements can be found on pages 30-31 of this report.

The District also includes a Schedule of Cash Receipts, Disbursements, and Liabilities by Activity for its Student Activities Agency Fund and a Schedule of Bonded Indebtedness in its other supplementary information. This information can be found on pages 32-39 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a school district's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$58,849,419 (net position) at the close of the most recent fiscal year.

A portion of the District's net position, \$18,117,824, reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment, and other facilities); less any related debt used to acquire those assets. The District uses these capital assets to provide services to residents and students of the school district; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$1,336,833, represents resources that are subject to external restrictions on how they may be used. The remaining balance (which is unrestricted and is intended to be used to meet the District's ongoing obligations to citizens and creditors) is a deficit of \$78,304,076.

Table 1 - Zeeland Public Schools' Net Position

	<u>2016</u>	<u>2015</u>
Current or other assets	\$ 53,778,065	\$ 56,777,142
Capital assets	<u>103,223,686</u>	<u>101,548,204</u>
Total assets	<u>157,001,751</u>	<u>158,325,346</u>
Deferred outflows of resources	<u>15,844,963</u>	<u>11,883,623</u>
Long-term liabilities outstanding	216,610,026	210,575,190
Other liabilities	<u>14,771,298</u>	<u>9,071,233</u>
Total liabilities	<u>231,381,324</u>	<u>219,646,423</u>
Deferred inflows of resources	<u>314,809</u>	<u>9,110,581</u>
Net position:		
Net investment in capital assets	18,117,824	18,055,988
Restricted	1,336,833	1,607,829
Unrestricted	<u>(78,304,076)</u>	<u>(78,211,852)</u>
Total net position	<u>\$ (58,849,419)</u>	<u>\$ (58,548,035)</u>

At June 30, 2016 and 2015, the District is able to report positive balances in two categories of net position (net investment in capital assets, and restricted), while reporting a deficit in unrestricted net position.

Change in Net Position

The following analysis highlights the changes in net position for the years ended June 30, 2016 and 2015.

**Table 2 - Zeeland Public Schools'
Changes in Net Position**

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,425,273	\$ 3,296,000
Operating grants and contributions	8,576,540	9,132,230
Capital grants and contributions	75,000	84,000
General revenues:		
Property taxes levied for:		
General operations	8,894,304	5,834,100
Debt service	10,749,109	9,288,466
Community services	618,271	559,595
Capital projects	1,546,496	1,399,738
State aid - unrestricted	39,886,129	41,004,311
Interest and investment earnings	373,202	(21,020)
Other	<u>275,829</u>	<u>232,680</u>
Total revenues	<u>74,420,153</u>	<u>70,810,100</u>
Expenses:		
Instruction and instructional support	42,162,847	40,284,084
Support services	18,774,838	17,673,628
Food services	1,652,321	1,642,653
Community services	2,167,064	2,032,475
Interest on long-term debt	4,292,950	4,465,916
Unallocated depreciation	5,555,783	5,461,809
Other	<u>115,734</u>	<u>67,317</u>
Total expenses	<u>74,721,537</u>	<u>71,627,882</u>
Change in net position	<u>\$ (301,384)</u>	<u>\$ (817,782)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited for use by either an external party or the District itself.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$39,859,197, a decrease of \$8,933,378 from the prior year. Approximately 6% of this fund balance amount (\$2,318,206) constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is either *non-spendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$72,767), 2) legally required to be maintained in tact (\$0), 3) restricted for particular purposes (\$37,014,133), 4) committed for particular purposes (\$0), or 5) assigned for particular purposes (\$454,091).

The General Fund is the main operating fund of the District, and is available to fund costs related to allowable school operating activities. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,318,206. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents 3.9% of total General fund expenditures and transfers out, while total fund balance represents 4.0% of the same amount.

The fund balance of the District's General Fund decreased by \$1,733,004 during the current fiscal year. Total revenue sources increased by \$1,547,765 or 2.8%. Local sources increased by \$3,200,222 or 47.7%. State sources decreased by \$1,511,616 or 3.5%. Federal sources increased by \$55,849 or 2.6%. Interdistrict sources decreased by \$196,690 or 4.8%. General Fund expenditures increased by \$2,389,671 or 4.2%. Transfers out to other funds decreased by \$91,162 from the prior year.

The Debt Service Fund is used to record tax and interest revenue, and the payment of interest, principal, and other expenditures related to long-term debt. The Debt Service Fund has a fund balance of \$896,777, an increase of \$136,578 from the prior year. Total revenues increased by \$1,461,533 or 15.7%. Debt Service Fund expenditures increased by \$2,289,564 or 27.5%. District administration reviews Debt Service Fund balances annually to determine the appropriate Debt Service Millage, to ensure proper funds are available to fund the District's debt service requirements. All fund balance of this fund is restricted for debt service purposes.

The Building and Site Fund (capital project fund) is used to account for all revenues (including building and site tax levy) and expenditures relating to maintaining and acquiring school facilities and equipment. The Building and Site Fund has a fund balance of \$1,431,062, an increase of \$315,654 during the year. Total revenues increased by \$134,309 or 9.1%. Building and Site Fund expenditures decreased by \$578,604 or 30.9%.

The 2015 Construction Fund is used to account for the revenue and expenditures related to the 2015 bond issue, which was issued for district wide safety and security improvements, technology enhancements, classroom additions at Adams Elementary, New Groningen Elementary, and Roosevelt Elementary, high school campus improvements, district wide building and site improvements, and bus purchases. The 2015 Construction Fund has a fund balance of \$33,956,410, a decrease of \$7,874,829 from the prior year. Total revenues increased by \$396,564 from the prior year. 2015 Construction Fund expenditures were \$8,204,096 compared to \$831,281 in the prior year.

General Fund Budgetary Highlights

Over the course of the year, the District amended the budget to take into account changes during the year. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the District’s original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

During the current fiscal year, the District budget was amended to reflect changes for adjustments in property taxes, adjustments to the final student count, adjustments to State revenue projections and final determination of grant awards. The final amended budget showed an operating deficit of approximately \$1,831,881 for 2015-2016. General Fund expenditures came in \$624,208 lower than the final approved budget.

Overall, the difference between the District’s final General Fund amended budget and end of the year figures amounted to an operating surplus of \$98,877. Revenues were less than the final approved budget by \$735,307. Expenditures and transfers out were \$834,184 less than the final approved budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Zeeland Public Schools
Capital Assets

	Cost	Accumulated Depreciation	6/30/2016 Net Book Value	6/30/2015 Net Book Value
Land	\$ 4,936,818	\$ -	\$ 4,936,818	\$ 4,613,353
Construction in progress	5,865,041	-	5,865,041	493,118
Buildings and improvements	145,917,820	59,622,073	86,295,747	89,855,074
Furniture and equipment	10,867,957	8,746,304	2,121,653	2,224,270
Land improvements	6,008,338	3,172,572	2,835,766	3,177,251
Transportation equipment	4,788,290	3,619,629	1,168,661	1,185,138
Total	<u>\$ 178,384,264</u>	<u>\$ 75,160,578</u>	<u>\$ 103,223,686</u>	<u>\$ 101,548,204</u>

Significant capital asset acquisitions during fiscal year 2016 included:

- ◆ District wide panic buttons
- ◆ Secure Entrances
- ◆ Phone/Network Upgrades
- ◆ 2 parcels of land
- ◆ 3 Busses

The District did not have any significant capital asset sales during fiscal 2016.

Long-term debt

At year end the District had approximately \$113 million in general obligation bonds and other long-term debt outstanding.

Zeeland Public Schools' Outstanding Debt
General Obligation and Revenue Bonds and Notes Payable

	2016	2015
General obligation bonds	\$ 111,700,000	\$ 116,865,000
Notes payable	171,115	318,068
Special termination benefits	754,572	770,212
Compensated absences	107,283	108,384
	\$ 112,732,970	\$ 118,061,664

The District’s total debt decreased by \$5,328,694 (4.5%) during the current fiscal year. This is the result of the District making its required scheduled debt service payments of \$5,703,425, granting \$375,832 of special termination benefits, and a net decrease in accrued compensated absences of \$1,101.

Additional information on the District’s long-term debt can be found in Note 7 on pages 18 and 19 of this report.

Pension

The District’s net pension liability amounted to \$95,042,667, an increase of \$12,631,565 from the prior year. Additional information on the District’s net pension liability can be found in Note 12 on pages 20-26 of this report.

FACTORS BEARING ON THE DISTRICT’S FUTURE

After the fifth year following the state’s realignment of funding, Zeeland Public Schools again used a portion of its General Fund fund balance to cover expenditures. Most school districts, including Zeeland, have attempted to reduce expenditures where possible and operate more efficiently. While the school district still maintains a reasonable General Fund fund balance, approximately 4.1% of the 2015-16 General Fund operating budget, the necessity to control expenditures will continue to be a high priority in the short term.

The district currently balanced budget for 2016-2017 fiscal year.

The district’s ability to continue with a balanced budget in the next several years will depend on certain significant factors:

1. The district’s ability to hold current expenditures, and not increase spending.
2. The district’s ability to continue to attract students and become a destination district. The district’s pupil count for 2016-17 has increased approximately 2.26% from the 2015-16 February pupil count.
3. Strategic use of grant funding and use of the Sinking fund for all State of Michigan allowable expenses for building repairs.

At June 30, 2016, the unassigned fund balance in the General Fund was \$2,318,206. The District has not appropriated any of this amount for spending in the 2016-2017 fiscal year budget.

Requests for Information

This financial report is intended to provide an overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the District’s Director of Finance, 183 W. Roosevelt St., Zeeland, MI 49464.

Basic Financial Statements

Zeeland Public Schools
STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 44,491,750
Receivables:	
Accounts	4,583
Accrued interest	116,810
Due from trust and agency activities	70,132
Due from other governments	9,022,023
Inventory	39,038
Prepays	33,729
Capital assets not being depreciated	10,801,859
Capital assets (net of accumulated depreciation)	<u>92,421,827</u>
Total Assets	<u>157,001,751</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	13,939,761
Deferred charge on refunding	<u>1,905,202</u>
Total Deferred Outflows of Resources	<u>15,844,963</u>
 LIABILITIES	
Accounts payable	2,855,320
Accrued expenses:	
Interest	852,430
Payroll and related liabilities	6,915,264
Unearned revenue	429,694
Reserve for repayment of prior years' taxes	218,590
State aid note payable	3,500,000
Noncurrent liabilities:	
Long-term debt:	
Due within one year	6,279,268
Due in more than one year	106,453,702
Deferred debt premiums and discounts	8,834,389
Net pension liability	<u>95,042,667</u>
Total Liabilities	<u>231,381,324</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>314,809</u>
 NET POSITION	
Net investment in capital assets	18,117,824
Restricted for:	
Debt service	47,947
Building and site	1,026,916
Capital projects	261,970
Unrestricted	<u>(78,304,076)</u>
Total Net Position	<u>\$ (58,849,419)</u>

See notes to financial statements.

Zeeland Public Schools
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS / PROGRAMS					
Governmental Activities:					
Instruction and instructional support	\$ 42,162,847	\$ 427,273	\$ 7,738,823	\$ -	\$ (33,996,751)
Support services	18,774,838	214,131	-	-	(18,560,707)
Food services	1,652,321	804,403	837,717	-	(10,201)
Community services	2,167,064	1,765,702	-	75,000	(326,362)
Interest and bond issuance costs on long-term debt	4,292,950	-	-	-	(4,292,950)
Unallocated depreciation	5,555,783	-	-	-	(5,555,783)
Other	115,734	213,764	-	-	98,030
	<u>\$ 74,721,537</u>	<u>\$ 3,425,273</u>	<u>\$ 8,576,540</u>	<u>\$ 75,000</u>	<u>(62,644,724)</u>
 Total Governmental Activities					
 General Revenues:					
Taxes					
Property taxes levied for general operations					8,894,304
Property taxes levied for debt service					10,749,109
Property taxes levied for community services					618,271
Property taxes levied for capital projects					1,546,496
State of Michigan aid, unrestricted					39,886,129
Interest and investment earnings					373,202
Other					275,829
					<u>62,343,340</u>
 Total General Revenues					
CHANGE IN NET POSITION				(301,384)	
Net Position - Beginning				<u>(58,548,035)</u>	
Net Position - Ending				<u>\$ (58,849,419)</u>	

See notes to financial statements.

**Zeeland Public Schools
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General Fund	Debt Service Fund	Building and Site Fund	2015 Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Assets:						
Cash and investments	\$ 4,145,910	\$ 963,572	\$ 1,770,001	\$ 36,224,654	\$ 1,387,613	\$ 44,491,750
Receivables:						
Accounts	4,312	-	-	-	271	4,583
Accrued interest	-	-	-	116,810	-	116,810
Due from other funds	21,307	-	-	-	13,583	34,890
Due from trust and agency activities	-	-	-	-	70,132	70,132
Due from other governments	8,941,292	40,767	5,866	-	34,098	9,022,023
Inventory	-	-	-	-	39,038	39,038
Prepays	29,055	-	-	-	4,674	33,729
TOTAL ASSETS	<u>\$ 13,141,876</u>	<u>\$ 1,004,339</u>	<u>\$ 1,775,867</u>	<u>\$ 36,341,464</u>	<u>\$ 1,549,409</u>	<u>\$ 53,812,955</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 127,320	\$ -	\$ 329,328	\$ 2,385,054	\$ 13,618	\$ 2,855,320
Accrued payroll and related liabilities	6,840,650	-	-	-	74,614	6,915,264
Due to other funds	13,583	-	-	-	21,307	34,890
Unearned revenue	223,692	-	-	-	206,002	429,694
Reserve for repayment of prior years' taxes	89,370	107,562	15,477	-	6,181	218,590
State aid anticipation note	3,500,000	-	-	-	-	3,500,000
Total Liabilities	<u>10,794,615</u>	<u>107,562</u>	<u>344,805</u>	<u>2,385,054</u>	<u>321,722</u>	<u>13,953,758</u>
Fund Balances:						
Non-spendable:						
Inventory	-	-	-	-	39,038	39,038
Prepays	29,055	-	-	-	4,674	33,729
Restricted:						
Debt service	-	896,777	-	-	-	896,777
Building and site	-	-	1,026,916	-	-	1,026,916
Capital projects	-	-	-	33,956,410	-	33,956,410
School lunch activities	-	-	-	-	372,420	372,420
Community recreation	-	-	-	-	388,123	388,123
Community services	-	-	-	-	373,487	373,487
Assigned:						
Capital projects	-	-	404,146	-	-	404,146
Chix Country Store/Dux Pond activities	-	-	-	-	26,948	26,948
Technology	-	-	-	-	22,997	22,997
Unassigned	2,318,206	-	-	-	-	2,318,206
Total Fund Balances	<u>2,347,261</u>	<u>896,777</u>	<u>1,431,062</u>	<u>33,956,410</u>	<u>1,227,687</u>	<u>39,859,197</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,141,876</u>	<u>\$ 1,004,339</u>	<u>\$ 1,775,867</u>	<u>\$ 36,341,464</u>	<u>\$ 1,549,409</u>	<u>\$ 53,812,955</u>

See notes to financial statements.

Zeeland Public Schools
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total Governmental Fund Balances	\$ 39,859,197
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and are not reported in the funds:	
General capital assets	103,223,686
Interest accrued on outstanding bonds and notes payable is not reported in the funds	(852,430)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds	(112,732,970)
Net pension liability is not due and payable in the current period and is not reported in the funds	(95,042,667)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows and deferred inflows of resources in the statement of net position, but are reported as expenditures in the governmental funds	13,624,952
Unamortized deferred bond discounts and premiums are not reported in the funds	(8,834,389)
Unamortized deferred bond refunding (gains) losses are not reported in the funds	<u>1,905,202</u>
Net Position of Governmental Activities	<u>\$ (58,849,419)</u>

Zeeland Public Schools
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	General Fund	Debt Service Fund	Building and Site Fund	2015 Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Local sources	\$ 9,906,219	\$ 10,760,515	\$ 1,607,228	\$ 329,267	\$ 3,275,550	\$ 25,878,779
State sources	41,558,808	-	-	-	213,440	41,772,248
Federal sources	2,167,659	-	-	-	723,750	2,891,409
Interdistrict sources	3,877,717	-	-	-	-	3,877,717
Total Revenues	<u>57,510,403</u>	<u>10,760,515</u>	<u>1,607,228</u>	<u>329,267</u>	<u>4,212,740</u>	<u>74,420,153</u>
Expenditures:						
Current:						
Instruction	39,857,172	-	824,342	-	-	40,681,514
Supporting services	18,699,178	-	88,497	-	-	18,787,675
Food services	-	-	-	-	1,659,537	1,659,537
Community services	-	-	-	-	2,178,929	2,178,929
School services	-	-	-	-	42,675	42,675
Capital outlay	458,109	-	378,735	8,204,096	108,944	9,149,884
Interdistrict	73,084	-	-	-	-	73,084
Debt service:						
Principal retirement	4,997	5,165,000	-	-	141,956	5,311,953
Interest and fiscal charges	2,447	5,458,937	-	-	6,896	5,468,280
Total Expenditures	<u>59,094,987</u>	<u>10,623,937</u>	<u>1,291,574</u>	<u>8,204,096</u>	<u>4,138,937</u>	<u>83,353,531</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,584,584)</u>	<u>136,578</u>	<u>315,654</u>	<u>(7,874,829)</u>	<u>73,803</u>	<u>(8,933,378)</u>
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	148,420	148,420
Transfers out	(148,420)	-	-	-	-	(148,420)
Total Other Financing Sources (Uses)	<u>(148,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,420</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,733,004)</u>	<u>136,578</u>	<u>315,654</u>	<u>(7,874,829)</u>	<u>222,223</u>	<u>(8,933,378)</u>
Fund Balances, July 1	<u>4,080,265</u>	<u>760,199</u>	<u>1,115,408</u>	<u>41,831,239</u>	<u>1,005,464</u>	<u>48,792,575</u>
Fund Balances, June 30	<u>\$ 2,347,261</u>	<u>\$ 896,777</u>	<u>\$ 1,431,062</u>	<u>\$ 33,956,410</u>	<u>\$ 1,227,687</u>	<u>\$ 39,859,197</u>

See notes to financial statements.

Zeeland 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, 2016

Net Change in Fund Balances - Total Governmental funds \$ (8,933,378)

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.

Current year capital outlays capitalized - general capital assets	7,231,265
Current year depreciation expense on capitalized assets	(5,555,783)

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is as follows:

Principal payments on long-term debt	5,311,953
Deferred loss/premiums/discounts on bond refunding	1,268,035
Amortization of deferred bond refunding loss/premiums/discounts	(326,941)

Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.

452,488

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when due in the governmental funds

1,101

Special termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when due in the governmental funds

15,640

In the statement of activities, interest is accrued on outstanding bonds and notes payable, whereas in governmental funds, an interest expenditure is reported when due

234,236

Change in net position of governmental activities **\$ (301,384)**

Zeeland Public Schools
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	<u>Student Activities Agency</u>
ASSETS	
Cash and investments	<u>\$ 887,613</u>
LIABILITIES	
Due to Zeeland Public Schools	\$ 70,132
Due to student groups	<u>817,481</u>
TOTAL LIABILITIES	<u>\$ 887,613</u>

See notes to financial statements.

Zeeland Public Schools
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Zeeland Public Schools (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

Zeeland Public Schools was incorporated under the laws of the State of Michigan and is governed by an elected seven member board. As required by generally accepted accounting principles, these financial statements present the District and its component units, entities for which the school is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the District's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the District.

Blended Component Units. There are no blended component units included in the accompanying financial statements.

Discretely Presented Component Units. There are no discretely presented component units included in the accompanying financial statements.

Government-wide and Fund Financial Statements

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 non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district, and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts-net investment in capital assets; restricted net position; and unrestricted net position.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, federal sources, interest income, and other revenues).

Material indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is 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 revenue 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered available if it is collected 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 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt is reported as other financing sources.

Those revenues susceptible to accrual are property taxes, state and federal aid, and interest associated with the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a state-wide 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 year ended June 30, 2016, the foundation allowance was based on pupil membership counts taken in February and September of the previous calendar year.

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, and up to 6 mills for commercial personal property. The state revenue is recognized during the foundation period and is funded through payments from October 2015 to August 2016. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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. For categorical funding meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue.

The District reports the following major governmental funds:

The *General Fund* is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

The *Debt Service Fund* is used to record tax and interest revenue and the payment of interest, principal, and other expenditures on long-term debt.

The *Building and Site Fund* (capital project fund) is used to account for all revenues (including building and site tax levy) and expenditures relating to maintaining and acquiring school facilities and equipment.

The *2015 Construction Fund* (capital project fund) was established to account for the revenue and expenditures related to the 2015 bond issue, which was issued for district wide safety and security improvements, technology enhancements, classroom additions at Adams Elementary, New Groningen Elementary, and Roosevelt Elementary, high school campus improvements, district wide building and site improvements, and bus purchases. Bonds in the amount of \$38,250,000 were sold in 2015 to finance these capital projects.

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Capital Projects Funds – Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary Fund net position and results of operations are not included in the government-wide statements.

The agency fund (Student Activities Fund) is used to account for assets held by the District as an agent for student activity organizations. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

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

1. Cash and Investments.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's investment policies are governed by state statutes, formal board policy and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposit, commercial paper with prescribed ratings, U.S. Government repurchase agreements and mutual funds consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The District's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

2. *Receivables and Payables.*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All receivables, including property taxes receivable, are shown net of an allowance for uncollectible amounts.

3. *Inventories and Prepaid Items.*

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Special Revenue Funds consists of expendable supplies held for consumption. The costs are recorded as expenditures at the time individual inventory items are consumed. Inventories for commodities are recorded as revenue when utilized.

Certain payments to vendors that 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.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, and transportation vehicles are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair 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 asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Busses and other vehicles	5-10
Furniture and other equipment	5-20

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category: 1) deferred employer pension contributions (contributions made subsequent to the pension plan’s fiscal year-end through the District’s fiscal year-end), this amount is expensed in the plan year in which it applies, 2) deferred outflows of pension related items (changes of assumptions, changes in proportion and difference between employer contributions and proportionate share of contributions, and net difference between projected and actual plan investment earnings), these amounts are amortized over a period determined by the actuary, and 3) deferred charges on debt refunding (a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, this amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt). These items are reported in the government-wide financial statements.

In addition to liabilities, the statement of financial 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 one item that qualifies for reporting in this category. This item is deferred inflows of pension related items (differences between expected and actual experience), these amounts arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. These amounts are deferred and amortized over a period determined by the actuary.

6. Net position flow assumption/Fund balance 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.

In order to calculate the amounts reported 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 any of the components of unrestricted fund balance is applied in the following order: committed, assigned, and unassigned.

7. Compensated Absences.

District employees are entitled to certain compensated absences based on their length of employment. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations, and retirements.

8. Long-term Obligations.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Bond issuance costs are reported as expenditures in the current period. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on issuance of debt are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether paid from the assets of the District or withheld from the proceeds received on the debt issuance, are reported as debt service expenditures.

9. Fund Equity.

In governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that are not in spendable form (such as prepaids and inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations) or imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts constrained to specific purposes determined by formal action by the Board of Education, and that remains binding unless removed in the same manner.
- Assigned – amounts, neither restricted nor committed, that the District intends to use for a specific purpose; intent can be expressed by the Board of Education or a body or official to which the Board of Education has delegated the authority to assign amounts for specific purposes.
- Unassigned – amounts that are available for any purpose; positive amounts are reported only in the general fund.

10. 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, 2016, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General Fund	
Non-principal residence exemption (PRE)	18.0000
Commercial personal property	6.0000
Debt Service Fund - PRE, non-PRE, commercial personal property	6.9500
Building and Site Fund - PRE, non-PRE, commercial personal property	1.0000
Community Recreation Fund - PRE, non-PRE, commercial personal property	0.4000

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School 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.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

13. New Accounting Standard

In the current year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Applications*. The objective of this statement is to provide guidance for determining a fair value measurement for financial reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The adoption did not have a significant impact on amounts reported in the financial statements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Annual Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

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

- a. 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.
- b. Public hearings are conducted to obtain taxpayer comments.

- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). 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 are noted in the required supplementary information section.
- d. The Director of Business Services is authorized to transfer 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.
- e. Formal budgetary integration is employed as a management control device during the year for the general, special revenue, and debt service funds.
- f. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2016. The District does not consider these amendments to be significant.

Excess of Expenditures Over Appropriations in Budgeted Funds

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the District’s General Fund, is presented as Required Supplementary Information.

3. DEPOSITS AND INVESTMENTS

Statutory Authority

Michigan law authorized the District to deposit and invest in:

- a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposits issued by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States government or federal agency obligation repurchase agreements, and bankers’ acceptance issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The district’s investment policy allows for all of these types of deposits and investments.

At year-end, the District’s deposits and investment balances were as follows:

	Governmental Activities	Agency Fund	Total
Cash and investments	\$ 44,491,750	\$ 887,613	\$ 45,379,363

The breakdown between deposits and investments is as follows:

Deposits	\$ 2,205,462
Investments	<u>43,173,901</u>
Total deposits and investments	<u>\$ 45,379,363</u>

Fiduciary fund balances are included in the above balances, but not included in cash and investments on the statement of net position.

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. At year end, the bank balance of the District's deposits was \$2,496,519 of which \$250,000 was covered by federal depository insurance and \$2,246,519 was exposed to custodial credit risk because it was uninsured and uncollateralized. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the District evaluates each financial institution with which it deposits District funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The District's investments at year end consists of:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
US Treasury Note	7/15/16	\$ 3,469,590	US Treasury Note	9/15/17	2,754,440
US Treasury Note	8/15/16	2,513,206	US Treasury Note	10/15/17	1,699,687
US Treasury Note	9/15/16	2,561,917	US Treasury Note	11/15/17	1,169,823
US Treasury Note	10/15/16	846,660	US Treasury Note	12/15/17	99,611
US Treasury Note	11/15/16	1,744,232	Total US Treasury Notes		25,880,651
US Treasury Note	12/15/16	835,852			
US Treasury Note	1/15/17	81,134	Federal Home Loan Mtg Corp	7/14/17	4,178,216
US Treasury Note	2/15/17	35,911	Federated Gov't Obligation Fund	45 Days	6,118,608
US Treasury Note	3/15/17	75,140	Total US Gov't & Agency Obligations		36,177,475
US Treasury Note	4/15/17	794,400			
US Treasury Note	5/15/17	1,625,982	Money Market Accounts		6,996,426
US Treasury Note	6/15/17	2,756,450			
US Treasury Note	8/15/17	2,816,616	Total		\$ 43,173,901

Interest Rate Risk. Except as limited by state law as listed in the above list of authorized investments the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that limits its investment choices beyond those required by state law. At June 30, 2016 the District's investments in US Government Agency Obligations were rated AA+ by Standard & Poor's. The District's investment in Federated Government Obligation Funds were rated AAAM by Standard and & Poor's.

At year end, the District had \$6,996,426 in permissible money market funds that are not separately rated.

Custodial Credit Risk – Investments. For an investment, custodial credit risk 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 has not adopted and state law does not require a policy for investment custodial credit risk. As of June 30, 2016, the District's investments were held by a third party in the District's name. The District's investments in money market accounts are not subject to risk categorization.

Concentration of Credit Risk. State law does not limit and the District has not adopted a formal policy on the amount the District may invest in any one issuer. More than 5% of the District's investments are in US Treasury Notes (59.9%), the Federated Government Obligations Fund (14.2%), and the Federal Home Loan Mortgage Corporation (9.7%).

Fair Value Measurement

The District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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 District has the following recurring fair value measurements as of June 30, 2016:

- United States Treasury Notes in the amount of \$25,880,651 are valued using quoted prices in active markets for identical assets (Level 1).
- United Sates Government Agency Obligations in the amount of \$4,178,216 are valued using pricing models maximizing the use of observable inputs for similar securities (Level 2).

The District did not have any investments valued with Level 3 inputs at June 30, 2016

The District invests in the Federated Government Obligation Fund which is considered an external investment pool. This fund is recorded at amortized cost which approximates fair value and is not subject to the fair value disclosures.

4. RECEIVABLES

Receivables at June 30, 2016 consist of the following:

Other governments:	
State Aid	\$ 7,559,843
Federal revenue	857,006
Intermediate School District	430,617
Other	<u>174,557</u>
Total governments	9,022,023
Trust and agency activities	70,132
Other miscellaneous receivables	<u>4,583</u>
Total amounts receivable	<u>\$ 9,096,738</u>

District management does not believe an allowance for doubtful accounts is necessary.

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Disposals and adjustments	Completed construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 4,613,353	\$ 323,465	\$ -	\$ -	\$ 4,936,818
Construction in progress	493,118	5,630,042	-	(258,119)	5,865,041
Total Capital Assets Not Being Depreciated	5,106,471	5,953,507	-	(258,119)	10,801,859
Capital Assets Being Depreciated					
Buildings and improvements	145,462,101	197,600	-	258,119	145,917,820
Furniture and equipment	10,070,983	796,974	-	-	10,867,957
Land improvements	6,008,338	-	-	-	6,008,338
Vehicles	4,505,106	283,184	-	-	4,788,290
Subtotal	166,046,528	1,277,758	-	258,119	167,582,405
Less Accumulated Depreciation for					
Buildings and improvements	(55,607,027)	(4,015,046)	-	-	(59,622,073)
Furniture and equipment	(7,846,713)	(899,591)	-	-	(8,746,304)
Land improvements	(2,831,087)	(341,485)	-	-	(3,172,572)
Vehicles	(3,319,968)	(299,661)	-	-	(3,619,629)
Subtotal	(69,604,795)	(5,555,783)	-	-	(75,160,578)
Net Capital Assets Being Depreciated	96,441,733	(4,278,025)	-	258,119	92,421,827
Governmental Activities Total					
Capital Assets - Net of Depreciation	\$ 101,548,204	\$ 1,675,482	\$ -	\$ -	\$ 103,223,686

Depreciation for the fiscal year ended June 30, 2016 amounted to \$5,555,783. The District determined that it was impractical to allocate depreciation to the various government activities as the assets serve multiple functions.

6. SHORT TERM DEBT

The District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. At June 30, 2016 the District had \$3,500,000 of short term debt outstanding.

Short term debt activity for the year ending June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
State aid anticipation note	\$ -	\$ 3,500,000	\$ -	\$ 3,500,000

7. LONG-TERM DEBT

The following is a summary of debt transactions of the District for the year ended June 30, 2016:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds						
Refunding serial bonds (2007) due in annual installments of \$950,000 to \$1,345,000 through May 1, 2024; interest from 4% to 5%	21,250,000	11,185,000	-	(1,300,000)	9,885,000	1,295,000
Building and site bonds (2010) due in annual installments of \$425,000 to \$2,050,000 through May 1, 2030; interest from 2% to 5%	20,275,000	18,150,000	-	(425,000)	17,725,000	450,000
Refunding serial bonds (2010) due in annual installments of \$460,000 to \$490,000 through May 1, 2022; interest from 3.25% to 4%	5,260,000	3,330,000	-	(475,000)	2,855,000	470,000
Refunding serial bonds (2012) due in annual installments of \$850,000 to \$1,990,000 through May 1, 2029; interest from 3% to 5%	21,745,000	20,895,000	-	(1,025,000)	19,870,000	1,135,000
Refunding serial bonds (2015) due in annual installments of \$1,540,000 to \$3,510,000 through May 1, 2025; interest from 4% to 5%	25,055,000	25,055,000	-	(1,540,000)	23,515,000	1,895,000
Building and site bonds (2015) due in annual installments of \$400,000 to \$4,325,000 through May 1, 2035; interest from 4% to 5%	38,250,000	38,250,000	-	(400,000)	37,850,000	650,000
Notes payable						
Water and sewer special assessments due to Holland Charter Township. The assessments require annual payments of principal and interest at rates of 8%.	Various	30,749	-	(4,997)	25,752	4,998
Note payable to The Apple Financial for purchase of Ipads (2013). This note requires annual payments of principal and interest of \$148,852 at 2.40%, due July 17, 2016.	516,700	287,319	-	(141,956)	145,363	145,363
Compensated absences payable		108,384	-	(1,101)	107,283	-
Special termination benefits payable		770,212	375,832	(391,472)	754,572	233,907
Total Governmental Activities		<u>\$ 118,061,664</u>	<u>\$ 375,832</u>	<u>\$ (5,704,526)</u>	<u>\$ 112,732,970</u>	<u>\$ 6,279,268</u>

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Special Termination Benefits

Special Termination Benefits are offered to members of the Zeeland Education Association as an incentive/severance pay. The schedule of benefits is outlined in the negotiated contract between Zeeland School Board and Zeeland Education Association. The benefits and payments can be scheduled over one to seven years and are reflected as expenditures when granted. The estimated liability for future payments is recorded as a non-current liability in the government-wide statement of net position.

Summary of Total Outstanding Debt

The annual requirements to service the total debt outstanding, including both principal and interest, are as follows:

Year	Principal	Interest	Total
2016 - 2017	\$ 6,279,268	\$ 5,098,508	\$ 11,377,776
2017 - 2018	6,470,041	4,849,245	11,319,286
2018 - 2019	6,176,425	4,565,945	10,742,370
2019 - 2020	6,457,719	4,280,496	10,738,215
2020 - 2021	6,681,634	3,990,986	10,672,620
2021 - 2026	35,245,600	15,076,883	50,322,483
2026 - 2031	28,315,000	8,024,569	36,339,569
2031 - 2035	17,000,000	2,137,498	19,137,498
	112,625,687	48,024,130	160,649,817
Accrued compensated absences	107,283	-	107,283
	<u>\$ 112,732,970</u>	<u>\$ 48,024,130</u>	<u>\$ 160,757,100</u>

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund balances as of June 30, 2016:

	Payable Fund				Total
	General Fund	Food Service Fund	Community Recreation Fund	Community Service Fund	
Receivable Fund					
General Fund	\$ -	\$ 6,218	10,021	\$ 5,068	\$ 21,307
Community Recreation Fund	13,420	-	-	-	13,420
Community Services Fund	163	-	-	-	163
	<u>\$ 13,583</u>	<u>\$ 6,218</u>	<u>\$ 10,021</u>	<u>\$ 5,068</u>	<u>\$ 34,890</u>

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

NOTE 9 – TRANSFERS

	Transfers Out	
	General Fund	
Transfers In:		
Community Recreation Fund	\$ 13,420	(1)
Capital Reserve Technology Fund	135,000	(2)
	<u>\$ 148,420</u>	

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for community recreation purposes
- (2) Transfers from General Fund for debt service

NOTE 10 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the District carries full multi-peril insurance coverage underwritten by Cigna Insurance. The District is fully insured for workers compensation claims by coverage underwritten by Indiana Insurance. Risk control techniques include the use of third party claims review, third party loss control services and employee education and training programs. Settled claims for insurance have never exceeded the amount of coverage. There was no reduction of coverages obtained through insurance during the past year.

In calendar year 2014 the District’s largest taxpayer filed a tax appeal with the City of Zeeland seeking a 57% reduction in their taxable value equating to a potential \$700 thousand loss in annual taxes to the District. If the taxpayer is successful in their appeal the District will be required to refund up to approximately \$2.1 million in taxes. The District is not named as a defendant in the lawsuit.

NOTE 11 – COMMITMENTS

Construction in Progress. The District has active construction commitments as of June 30, 2016. The projects are for various district wide capital projects. At June 30, 2016, the District’s commitments with contractors are as follows:

	<u>Remaining Construction Commitments</u>
District Wide Capital Projects	<u>\$ 32,913,214</u>

The District recognizes construction costs as a liability when performance has occurred under the contract. Until performance has occurred, the contract amounts remaining are considered to be a commitment and not a liability.

NOTE 12 – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) 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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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 the option of receiving health, dental and vision coverage under the Michigan Public School Employees’ Retirement Act. There are 685 participating employers. The System is a qualified pension trust fund under section 401(a) of the Internal Revenue Code. By statute, employees of K-12 public school districts, public school academies, district libraries, tax-supported community colleges and seven universities may be members. The seven universities are: Eastern Michigan, Central Michigan, Northern Michigan, Western Michigan, Ferris State, Michigan Technological and Lake Superior State. Employees, who first become employed by one of the seven universities on or after January 1, 1996, become members of an alternative plan.

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

The System’s financial statements are available at www.michigan.gov/mpsers-cafr.

Benefits Provided

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

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

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation and years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Pension Reform 2010

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

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 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.

Regular Retirement

Eligibility – Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan members, any age with 30 years credited services; or age 60 with 10 years credited service; or age 60 with 5 years credited service provide member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus members, age 60 with 10 years of credited service.

Annual Amount – Total credited service as of the Transition Date times 1.5% of Final Average Compensation (FAC)

Pension Plus

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

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

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

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

Option 4 – None (member will receive benefit through a Defined Contribution Plan). As a Defined Contribution participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS.

Employees who first work on or after September 4, 2012 choose between two retirement plans; the Pension Plus plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation – Average of highest 60 consecutive months (36 months for Member Investment Plan 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.

Contributions and Funded Status

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of September 30, 2015 valuation will be amortized over a 21 year period for the 2015 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.52 - 23.07%
Member Investment Plan	3.0 - 7.0%	22.52 - 23.07%
Pension Plus	3.0 - 6.4%	21.99%
Defined Contribution	0.0%	17.72 - 18.76%

The District's required and actual contributions to the pension plan for the year ended June 30, 2016 were \$9,170,646, with \$9,091,691 specifically for the Defined Benefit Plan. The Districts required contributions include an allocation of \$2,602,459 received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—Non-University

At June 30, 2016, the District reported a liability of \$95,042,667 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2014. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2015, the District's proportion was 0.38912 percent, which was an increase of 0.01497 percent from its proportion measure as of September 30, 2014.

MPSERS (Plan) Net Pension Liability - Non-University	September 30, 2015	September 30, 2014
Total Pension Liability	\$ 66,312,041,902	\$ 65,160,887,182
Plan Fiduciary Net Position	<u>41,887,015,147</u>	<u>43,134,384,072</u>
Net Pension Liability	24,425,026,755	22,026,503,110
Proportionate Share	<u>0.38912%</u>	<u>0.37415%</u>
Net Pension Liability for the District	<u>\$ 95,042,667</u>	<u>\$ 82,411,102</u>

For the year ended June 30, 2016, the District recognized pension expense of \$8,834,277, exclusive of payments to fund the MPSERS Unfunded Actuarial Accrued Liability. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 314,809	\$ (314,809)
Changes of assumptions	2,340,152	-	2,340,152
Net difference between projected and actual earnings on pension plan investments	485,116	-	485,116
Changes in proportion and differences between District contributions and proportionate share of contributions	2,975,612	-	2,975,612
District contributions subsequent to the measurement date	<u>8,138,881</u>	<u>-</u>	<u>8,138,881</u>
Total	<u>\$ 13,939,761</u>	<u>\$ 314,809</u>	<u>\$ 13,624,952</u>

\$8,138,881 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 year ended June 30, 2017.

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

**Deferred (Inflows) and Deferred Outflows of Resources
by Year (to Be Recognized in Future Pension Expenses)**

Year Ended June 30,	Amount:
2017	\$ 1,067,835
2018	1,067,835
2019	940,729
2020	<u>2,409,672</u>
	5,486,071
District contributions subsequent to the measurement date	<u>8,138,881</u>
Total	<u>\$ 13,624,952</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Actuarial Assumptions

Valuation Date:	September 30, 2014
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.5%
Investment Rate of Return	
- MIP and Basic Plans (Non-Hybrid):	8.0%
- Pension Plus Plan (Hybrid):	7.0%
Projected Salary Increases:	3.5 - 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members

Mortality:

RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2015, is based on the results of an actuarial valuation date of September 30, 2014, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.7158
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2015 MPSRERS Comprehensive Annual Financial Report

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.0%	5.9%
% Alternative Investment Pools	18.0%	9.2%
International Equity	16.0%	7.2%
Fixed Income Pools	10.5%	0.9%
Real Estate and Infrastructure Pools	10.0%	4.3%
Absolute Return Pools	15.5%	6.0%
Short Term Investment Pools	2.0%	0.0%
Total	100.0%	

* Long term rate of return does not include 2.1% inflation

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Hybrid Plan), as well as what the District’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:

1% Decrease (Non-Hybrid/Hybrid)* 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 9.0% / 8.0%
\$ 122,534,361	\$ 95,042,667	\$ 71,866,042

Michigan Public School Employees’ Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2015 Comprehensive Annual Financial Report.

Payables to the Pension Plan

At June 30, 2016, the District reported a payable of \$0 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2016.

Benefit Provisions - Other Postemployment

Introduction

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.

Public Act 75 of 2010 requires each actively employed member of MPERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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) account.

Employer Contributions

The employer contribution rate ranged from 2.20% - 2.71% of covered payroll for the period from July 1, 2015 to September 30, 2015, and from 6.40% - 6.83% of covered payroll for the period from October 1, 2015 to June 30, 2015 dependent upon the employee's date of hire and plan election.

The District's required and actual postemployment healthcare contributions to MPSERS for the years ended June 30, 2016, 2015, and 2014 were approximately \$2,047,000, \$1,281,000, and \$2,076,000 respectively. In addition, a portion ranging from 35% - 100% of the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

NOTE 13 – SINKING FUND MILLAGE

The Building and Site Capital Project Fund of Zeeland Public Schools records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provision of Section 1212(1) of the Revised School code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

NOTE 14 – UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. GASB Statement No. 75 requires cost sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan.

Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, was issued by the GASB in August 2015 and will be effective for the District's 2017 fiscal year. The Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments that reduce the reporting government's tax revenues. GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose a brief description of the arrangement, the gross dollar amount of taxes abated in the current period, and any additional commitments made by the government as part of the agreement. The provisions of this statement are effective for periods beginning after December 15, 2015.

Required Supplementary Information

Zeeland Public Schools
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ 6,763,537	\$ 10,048,269	\$ 9,906,219	\$ (142,050)
State sources	44,242,300	42,036,330	41,558,808	(477,522)
Federal sources	2,119,562	2,288,644	2,167,659	(120,985)
Interdistrict sources	4,151,250	3,872,467	3,877,717	5,250
Total Revenues	<u>57,276,649</u>	<u>58,245,710</u>	<u>57,510,403</u>	<u>(735,307)</u>
Expenditures:				
Current:				
Instruction:				
Basic programs	30,917,394	31,323,041	31,246,157	76,884
Added needs	8,807,980	8,745,381	8,611,015	134,366
Supporting services:				
Pupil services	2,442,556	2,736,847	2,649,808	87,039
Instructional staff	2,013,913	2,313,501	2,231,288	82,213
General administration	1,557,010	1,517,615	1,502,674	14,941
School administration	2,822,447	3,300,801	3,275,417	25,384
Operation and maintenance services	4,626,319	4,607,324	4,484,397	122,927
Technology	507,049	730,825	607,368	123,457
Pupil transportation services	2,189,038	2,166,742	2,194,408	(27,666)
Central services	29,800	30,818	26,311	4,507
Athletics	1,719,204	1,700,889	1,727,507	(26,618)
Capital outlay	552,645	462,977	458,109	4,868
Interdistrict	66,000	65,250	73,084	(7,834)
Debt service:				
Principal retirement	14,737	14,737	4,997	9,740
Interest and fiscal charges	2,447	2,447	2,447	-
Total Expenditures	<u>58,268,539</u>	<u>59,719,195</u>	<u>59,094,987</u>	<u>624,208</u>
Excess of Revenues Over (Under) Expenditures	<u>(991,890)</u>	<u>(1,473,485)</u>	<u>(1,584,584)</u>	<u>(111,099)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(328,142)</u>	<u>(358,396)</u>	<u>(148,420)</u>	<u>209,976</u>
Net Change in Fund Balance	<u>\$ (1,320,032)</u>	<u>\$ (1,831,881)</u>	<u>(1,733,004)</u>	<u>\$ 98,877</u>
Fund Balances - July 1			<u>4,080,265</u>	
Fund Balances - June 30			<u>\$ 2,347,261</u>	

Zeeland Public Schools
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST TEN FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)

	2015	2014
District's proportion of net pension liability (%)	0.38912%	0.37415%
District's proportionate share of net pension liability	\$ 95,042,667	\$ 82,411,102
District's covered-employee payroll	\$ 32,545,164	\$ 31,838,045
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	292.03%	258.84%
Plan fiduciary net position as a percentage of total pension liability	63.17%	66.20%

Notes to Schedule of the District's Proportionate Share of the Net Pension Liability

Changes of benefit terms: There were no changes of benefit terms in 2015

Changes of assumptions: There were no changes of benefit assumptions in 2015

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.

Zeeland Public Schools
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST TEN FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	2016	2015
Statutorily required contributions	\$ 9,170,646	\$ 7,268,997
Contributions in relation to statutorily required contributions	9,170,646	7,268,997
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 33,187,911	\$ 32,505,926
Contributions as a percentage of covered-employee payroll	27.63%	22.36%

Notes to Schedule of District Contributions

Changes of benefit terms: There were no changes of benefit terms in 2015

Changes of assumptions: There were no changes of benefit assumptions in 2015

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.

Other Supplementary Information

Zeeland Public Schools
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Nonmajor Special Revenue Funds				Nonmajor Capital Projects Fund	Nonmajor Governmental Funds
	School Lunch Fund	Community Recreation Fund	Community Services Fund	Chix Country Store/ Dux Pond	Capital Reserve Technology Fund	Total
ASSETS						
Cash and investments	\$ 341,232	\$ 562,601	\$ 433,835	\$ 26,948	\$ 22,997	\$ 1,387,613
Receivables:						
Accounts	271	-	-	-	-	271
Due from other funds	-	13,420	163	-	-	13,583
Due from trust and agency activities	70,132	-	-	-	-	70,132
Due from other governments	31,752	2,346	-	-	-	34,098
Inventory	13,835	-	-	25,203	-	39,038
Prepays	-	-	4,674	-	-	4,674
TOTAL ASSETS	<u>\$ 457,222</u>	<u>\$ 578,367</u>	<u>\$ 438,672</u>	<u>\$ 52,151</u>	<u>\$ 22,997</u>	<u>\$ 1,549,409</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 467	\$ 8,432	\$ 4,719	\$ -	\$ -	\$ 13,618
Accrued payroll and related liabilities	6,481	34,146	33,987	-	-	74,614
Due to other funds	6,218	10,021	5,068	-	-	21,307
Unearned revenue	57,801	131,464	16,737	-	-	206,002
Reserve for repayment of prior years' taxes	-	6,181	-	-	-	6,181
Total Liabilities	<u>70,967</u>	<u>190,244</u>	<u>60,511</u>	<u>-</u>	<u>-</u>	<u>321,722</u>
Fund Balances:						
Non-spendable:						
Inventory	13,835	-	-	25,203	-	39,038
Prepays	-	-	4,674	-	-	4,674
Restricted:						
School lunch activities	372,420	-	-	-	-	372,420
Community recreation	-	388,123	-	-	-	388,123
Community services	-	-	373,487	-	-	373,487
Assigned:						
Chix Country Store/Dux Pond activities	-	-	-	26,948	-	26,948
Technology	-	-	-	-	22,997	22,997
Total Fund Balances	<u>386,255</u>	<u>388,123</u>	<u>378,161</u>	<u>52,151</u>	<u>22,997</u>	<u>1,227,687</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 457,222</u>	<u>\$ 578,367</u>	<u>\$ 438,672</u>	<u>\$ 52,151</u>	<u>\$ 22,997</u>	<u>\$ 1,549,409</u>

Zeeland Public Schools
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	Nonmajor Special Revenue Funds				Nonmajor Capital Projects Fund	Nonmajor Governmental Funds
	Food Service Fund	Community Recreation Fund	Community Services Fund	Chix Country Store/ Dux Pond	Capital Reserve Technology Fund	Total
Revenues:						
Local sources	\$ 806,639	\$ 1,498,406	\$ 881,456	\$ 38,476	\$ 50,573	\$ 3,275,550
State sources	113,967	45,515	53,958	-	-	213,440
Federal sources	723,750	-	-	-	-	723,750
Total Revenues	<u>1,644,356</u>	<u>1,543,921</u>	<u>935,414</u>	<u>38,476</u>	<u>50,573</u>	<u>4,212,740</u>
Expenditures:						
Current:						
Food services	1,659,537	-	-	-	-	1,659,537
Community services	-	1,301,245	877,684	-	-	2,178,929
School services	-	-	-	42,675	-	42,675
Capital outlay	-	57,892	-	-	51,052	108,944
Debt service:						
Principal retirement	-	-	-	-	141,956	141,956
Interest and fiscal charges	-	-	-	-	6,896	6,896
Total Expenditures	<u>1,659,537</u>	<u>1,359,137</u>	<u>877,684</u>	<u>42,675</u>	<u>199,904</u>	<u>4,138,937</u>
Excess of Revenues						
Over (Under) Expenditures	(15,181)	184,784	57,730	(4,199)	(149,331)	73,803
Other Financing Sources (Uses):						
Transfers in	-	13,420	-	-	135,000	148,420
Net Change in Fund Balances	(15,181)	198,204	57,730	(4,199)	(14,331)	222,223
Fund Balances, July 1	<u>401,436</u>	<u>189,919</u>	<u>320,431</u>	<u>56,350</u>	<u>37,328</u>	<u>1,005,464</u>
Fund Balances, June 30	<u>\$ 386,255</u>	<u>\$ 388,123</u>	<u>\$ 378,161</u>	<u>\$ 52,151</u>	<u>\$ 22,997</u>	<u>\$ 1,227,687</u>

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2016

<u>Student Activity</u>	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2016</u>
3RD GRADE TRIP	\$ 227	\$ 1,037	\$ 921	\$ 343
4TH GRADE ACTIVITY	(1,204)	9,165	7,848	113
4TH GRADE ACTIVITY	1,432	3,779	4,138	1,073
4TH GRADE TRIP	4,538	3,065	7,296	307
4TH GRADE TRIP	259	300	386	173
5TH GRADE ACTIVITY	495	7,881	6,397	1,979
5TH GRADE WET LANDS	839	-	215	624
6TH GRADE TEAM	1,353	4,837	3,624	2,566
6TH GRADE TEAM	693	529	95	1,127
7TH GRADE TEAM A	2,373	296	1,099	1,570
7TH GRADE TEAM A	1,296	-	12	1,284
7TH/8TH GR LATE NIGHTER	2,418	3,905	2,584	3,739
8TH GR MACKINAC ISLAND	(96)	35,877	35,136	645
8TH GRADE TEAM	30	165	12	183
8TH GRADE TEAM	939	53	-	992
8TH GRADE WASHINGTON DC	779	74,453	74,716	516
ACADEMIC RECONGINITION	3,210	6,951	8,769	1,392
ACCELERATION	2,095	10,124	3,811	8,408
ADMINISTRATIVE	201	2,403	1,692	912
ADMINISTRATIVE	134	3,345	2,850	629
ADMINISTRATIVE	817	-	39	778
ADMINISTRATIVE	8,976	9,610	9,207	9,379
ADMINISTRATIVE	154	123	97	180
ADMINISTRATIVE	173	179	1,237	(885)
AP/ACT TESTING	6,391	63,602	65,752	4,241
AQUATIC CLUB-AGE GROUP	18,332	42,242	2,160	58,414
ART CLASSROOM ACTIVITY	44	265	296	13
ART CLUB MOSAIC TABLES	426	2,255	2,180	501
ATHLETIC BOOSTERS	593	1,765	2,326	32
ATHLETIC BOOSTERS	(176)	34,177	32,096	1,905
ATHLETIC TRAINING EQUIP	7,519	5,720	4,190	9,049
AUDITORIUM PROGRAMS	1,841	1	-	1,842
BAND CONCESSIONS	8,407	27,444	32,017	3,834
BAND/INSTRUMENTAL RENTAL	11,778	4,803	1,397	15,184
BASEBALL	3,424	18,859	19,825	2,458
BASEBALL	3,523	40,022	36,348	7,197
BE NICE	146	11,096	6,130	5,112
BOOK FAIR	1,736	23	314	1,445
BOOK FINES	444	-	-	444
BOWLING CLUB	457	2,290	1,680	1,067
BOYS BASKETBALL	3,790	8,664	8,031	4,423
BOYS BASKETBALL	1,316	17,887	16,601	2,602
BOYS SOCCER	1,706	2,554	2,268	1,992
BOYS SOCCER	7,509	27,702	23,306	11,905
BOYS SWIM	4,110	2,445	2,086	4,469
BOYS TENNIS	625	865	962	528
BOYS TENNIS	3,000	3,727	4,019	2,708
BROADCASTING	4,534	3,635	2,815	5,354
CALLING ALL COLORS	78	-	-	78
CHECK AND CONNECT	169	457	605	21
CHEMISTRY CLUB	2,246	-	447	1,799
CHOIR BOOSTERS	3,982	1,898	779	5,101
CITYSIDE ART CLUB	(12)	204	207	(15)
CITYSIDE BAND	2,381	25,635	24,860	3,156
CITYSIDE CANDY KISS FUND	1,080	1,067	500	1,647
CITYSIDE CHOIR	7,507	10,291	11,150	6,648

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2016

<u>Student Activity</u>	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2016</u>
CITYSIDE DRAMA	16,067	8,758	12,873	11,952
CITYSIDE JAGUAR SHOP	6,717	2,817	3,885	5,649
CITYSIDE ORCHESTRA	1,382	3,842	3,666	1,558
CITYSIDE ORCHESTRA RENTAL	2,321	300	165	2,456
CITYSIDE SKI CLUB	2,041	5,170	4,880	2,331
CITYSIDE STUDENT ACTIV.	8,759	30,738	30,081	9,416
CITYSIDE TRACK INVITATION	1,197	3,874	4,146	925
CLASS OF 2012	23	-	-	23
CLASS OF 2014	2,255	2	-	2,257
CLASS OF 2015	2,728	-	2,727	1
CLASS OF 2015	3,031	-	98	2,933
CLASS OF 2016	3,690	1,878	3,122	2,446
CLASS OF 2016	1,221	3,122	4,550	(207)
CLASS OF 2017	323	20,618	15,984	4,957
CLASS OF 2017	(429)	15,277	12,456	2,392
CLASS OF 2018	1,438	2,380	2,119	1,699
CLASS OF 2018	1,649	1,841	2,594	896
CLASS OF 2019	-	440	329	111
CLASS OF 2019	-	-	1,500	(1,500)
COLLEGE VISIT MINI GRANT	313	950	684	579
CONCESSIONS-JIM KAAT	(618)	18,606	14,727	3,261
CONTINUING ED SCHOLARSHIP	4,323	1,942	2,498	3,767
CREEKSIDE ADMINISTRATIVE	3,665	194	311	3,548
CREEKSIDE ART CLUB	25	351	367	9
CREEKSIDE BAND	443	21,146	18,587	3,002
CREEKSIDE BOOK FAIR	831	-	-	831
CREEKSIDE COUGAR STORE	3,145	1,744	1,906	2,983
CREEKSIDE COUNSELING	1,628	-	530	1,098
CREEKSIDE DRAMA	6,380	7,469	9,176	4,673
CREEKSIDE ORCHESTRA	2,970	3,234	3,678	2,526
CREEKSIDE STUDENT ACTIV.	651	14,869	16,263	(743)
CROSS COUNTRY/TRACK	1,084	1,227	1,286	1,025
CROSS COUNTRY/TRACK	-	250	-	250
CYRUS MULDER SCHOLARSHIP	7,423	-	1,996	5,427
DANCE TRIP	8,257	28,212	17,534	18,935
DAY OF YOUNG CHILD	(631)	1,275	1,487	(843)
DESTINATION IMAGINATION	332	-	-	332
DEYOUNG SMART BOARD	25	-	-	25
EARLY CHILDHOOD CENTER	480	-	-	480
ED FOUNDATION GRANT	(539)	5,653	-	5,114
ED FOUNDATION GRANT	2	3,258	552	2,708
ED FOUNDATION GRANT	(351)	-	-	(351)
ED FOUNDATION GRANT	-	2,245	1,877	368
ED FOUNDATION GRANT	40	5,524	-	5,564
ED FOUNDATION GRANT	-	10,015	3,896	6,119
ED FOUNDATION GRANT	-	778	-	778
ED FOUNDATION GRANT	-	2,525	1,795	730
EDGE ACCOUNT - 2014	11,557	11,495	12,621	10,431
EDUCATION FOUNDATION	(63)	-	-	(63)
ELEMENTARY AUTHOR TIME	59	-	-	59
ELL SUMMER PROGRAM	250	-	-	250
EMPLOYEE DISABILITY FUND	6	-	-	6
EXPLORATORY TEAM	1,842	-	388	1,454
FIELD TRIPS	2,018	1	-	2,019
FIELD TRIPS	9,575	10,653	10,948	9,280
FLOWER FUND	556	976	1,132	400

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2016

<u>Student Activity</u>	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2016</u>
FLOWER FUND	398	439	877	(40)
FOOTBALL	2,680	13,681	11,619	4,742
FOOTBALL	6,792	20,471	20,362	6,901
FUEL UP TO PLAY	196	-	-	196
FUND BALANCE	71	-	-	71
GIRLS BASKETBALL	3,858	9,776	10,846	2,788
GIRLS BASKETBALL	6,773	8,424	10,514	4,683
GIRLS SOCCER	11	6,497	6,057	451
GIRLS SOCCER	1,540	9,252	6,570	4,222
GIRLS SOFTBALL	398	2,855	2,006	1,247
GIRLS SOFTBALL	3,236	1,391	4,286	341
GIRLS TENNIS	1,762	525	260	2,027
GIRLS TENNIS	(193)	1,326	1,032	101
GIRLS TRACK	3	1,100	441	662
GLUPKER ORTHODONTICS SCHL	539	-	-	539
GOLF	4,249	6,395	8,981	1,663
GOLF	264	1,424	1,377	311
GRAPHIC DESIGN	344	753	371	726
IBOOKS GRANT- MACUL	1,001	-	982	19
J & H OIL GRANT	(7)	-	-	(7)
J. HOWARD DEJONGE SCHP	246	-	-	246
JAZZ BAND	3,245	-	198	3,047
JIM KAAT BOARDS	63,845	13,650	16,651	60,844
JUKEBOX JUNGLES-ORCHESTRA	3,828	3,877	3,819	3,886
K DENBLEYKER MEMORIAL	1,164	500	1,000	664
KAMER MART	620	-	-	620
KINDER CAMP	(334)	-	-	(334)
KINDER CAMP	325	-	-	325
KINDER CAMP	(2,716)	-	-	(2,716)
LACROSS	5,232	25,377	26,888	3,721
LADIES EDGE	175	-	-	175
LIBRARY - LOST BOOKS	4,053	8,129	11,219	963
LIBRARY FUND RAISING	1,265	52	-	1,317
LIBRARY FUND RAISING	2,552	9	-	2,561
LIBRARY FUNDRAISER	191	5,731	5,666	256
LIBRARY FUNDRAISER	230	5,320	5,361	189
LINC 5TH GRADE CAMP	1,854	14,063	13,219	2,698
LINCOLN ELEMENTARY	12,632	25,450	26,114	11,968
LINCOLN PARENT'S CLUB	52	9,322	8,519	855
LITTLE LEAGUE SPONSORS	(7,298)	8,473	6,272	(5,097)
MATH PENTATHLON	1,598	-	1,598	-
MATH PENTATHLON	1,417	840	608	1,649
MIDDLE SCHOOL CLUBS	-	87	-	87
MIDDLE SCHOOL FOOTBALL	1,679	1,860	1,973	1,566
MISCELLANEOUS	-	19,406	16,199	3,207
MISCELLANEOUS	-	235	154	81
N.G. CAMP	762	35,302	34,109	1,955
N.G. GENERAL	(243)	9,050	12,948	(4,141)
NORMA SNELLER SCHOLARSHIP	529	6,399	6,177	751
ORCHESTRA FUNDRAISER	2,227	746	349	2,624
ORCHESTRA REPAIRS	154	300	295	159
ORCHESTRA REPAIRS	1,505	552	-	2,057
PBIS	3,866	915	2,616	2,165
PERRIGO GRANT	2,337	3,000	2,783	2,554
POOL/CPR CLASSROOM SUPPLY	64	495	519	40
PUMPKIN RUN	509	-	-	509

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2016

<u>Student Activity</u>	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2016</u>
QUINCY 5TH GRADE CAMP	2,696	14,551	14,364	2,883
QUINCY ELEMENTARY	4,707	10,947	11,755	3,899
REC COMMUNITY SERVICE	24,601	13,964	14,602	23,963
REDPOINT	113	-	106	7
ROOSEVELT 5TH GRADE CAMP	(2,243)	9,727	3,090	4,394
ROOSEVELT ELEMENTARY	793	7,558	8,490	(139)
SADD PROGRAM	191	-	-	191
SAFE ROUTE TO SCHOOL	1	-	-	1
SANDRA FLORES MEMORIAL	138	-	-	138
SCHOOL AND COMM SERVICE	8,631	35	-	8,666
SKI CLUB	400	424	1,339	(515)
SKI CLUB	189	-	-	189
SPANISH IMMERSION - 2ND GRADE	2,060	-	199	1,861
SPECIAL ED	-	191	-	191
SPECIAL ED	-	791	475	316
SPECIAL ED ACTIVITY	2,856	147	335	2,668
SPECIAL ED CLASSROOM	2,640	2	-	2,642
SPECIAL EDUCATION	2,001	8,647	7,041	3,607
SPECIALS	1,080	500	1,000	580
SPORTS APPAREL	14	2,821	2,822	13
SPORTS APPAREL	402	5,721	5,811	312
SPORTS REVOLVING	15,926	70,591	67,473	19,044
SPORTS REVOLVING	16,509	61,995	55,919	22,585
SPRING PLAY	167	4,222	4,198	191
STUDENT ACTIVITY	3,606	8,083	10,134	1,555
STUDENT ACTIVITY	6,172	3,411	6,339	3,244
STUDENT COUNCIL	478	416	688	206
STUDENT COUNCIL	12	121	-	133
STUDENT LEADERSHIP	(382)	-	-	(382)
STUDENT MISC	14,519	1,657	3,917	12,259
STUDENT SPECIAL ACTIVITY	1	-	-	1
SUMMER STRETCH PROGRAM	-	3,655	3,655	-
SUMMIT SCHOOL PRETTY LK	4,704	9	510	4,203
SWIM CLUB	1,629	3,048	3,028	1,649
TECH INTEGRATION SEMINARS	(494)	-	-	(494)
TRACK	249	1,355	1,262	342
TRACK	1,791	177	911	1,057
US FIRST COMPETITION	4,517	41,335	38,303	7,549
USA SWIM	(4,444)	6,500	-	2,056
VARSIITY CHEERLEADING	4,393	9,002	9,510	3,885
VARSIITY CHEERLEADING	2,622	8,404	8,184	2,842
VOLLEYBALL	7,919	16,840	12,226	12,533
VOLLEYBALL	4,883	7,335	6,305	5,913
WETLANDS PAVILION PROJECT	2,394	2,000	66	4,328
WINTER WARRIORS	309	3,650	3,427	532
WOODBRIDGE CAMP	5,590	25,440	24,193	6,837
WOODBRIDGE ELEMENTARY	17,951	19,699	31,465	6,185
WRESTLING	551	3,558	1,766	2,343
WRESTLING	4,326	2,197	2,650	3,873
YAC GRANT	87	-	87	-
Z.A.C. FUND	4,003	2,248	4,093	2,158
ZAGS - AGE GROUP	5,437	-	4,766	671
ZEELAND PUBLIC PRESCHOOL	10,656	27,017	29,474	8,199
ZEELAND WEST YEARBOOK	3,235	26,326	21,582	7,979
ZEELAND YOUTH SINGERS	8,598	15,005	19,484	4,119
ZETA	6,366	2,266	5,218	3,414

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2016

<u>Student Activity</u>	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2016</u>
ZHS ART CLUB	1,304	-	230	1,074
ZHS BAND ACCOUNT	230	-	19	211
ZHS BAND BOOSTERS	32,548	136,935	164,750	4,733
ZHS COMMUNICATION RETREAT	3,186	6,085	10,423	(1,152)
ZHS COMPUTER CLUB	5,495	3,982	4,241	5,236
ZHS COOP-DEHOOP	50	-	-	50
ZHS DANCE	14,467	59,456	57,511	16,412
ZHS DRAMA	22,130	38,195	47,649	12,676
ZHS EQUESTRIAN CLUB	806	2,648	3,342	112
ZHS EQUESTRIAN CLUB	938	589	802	725
ZHS GOLD STAR REPORTER	2,571	2	-	2,573
ZHS METAL SHOP	461	2,266	1,961	766
ZHS NATL HONOR SOCIETY	1,310	758	1,323	745
ZHS NATL HONOR SOCIETY	2,424	1,607	2,101	1,930
ZHS STAFF RETREAT	936	2,336	2,265	1,007
ZHS STEPPING STONE	779	32,006	31,455	1,330
ZHS STUDENT GOVERNMENT	7,695	4,368	2,761	9,302
ZHS STUDENT GOVERNMENT	1,503	12,556	9,386	4,673
ZHS SWIM - GIRLS	7,376	4,240	6,021	5,595
ZHS VOCAL MUSIC	3,631	5,262	5,973	2,920
ZHS WATER POLO	6,448	7,387	6,521	7,314
ZHS WOOD SHOP	605	36,833	35,829	1,609
Z-QUEST DONATIONS	6,872	42,660	30,833	18,699
ZYDC-FUNDRAISERS	17,440	34,374	27,765	24,049
	<u>\$ 749,363</u>	<u>\$ 1,966,903</u>	<u>\$ 1,904,200</u>	<u>\$ 812,066</u>

Zeeland Public Schools
SCHEDULE OF BONDED INDEBTEDNESS
Year Ended June 30, 2016

Fiscal Year Ended June 30	2007 Refunding Bonds				2010 Building and Site Bonds				2010 Refunding Bonds			
	\$22,340,000 Refunding Bonds				\$20,275,000 General Obligation Bonds				\$5,260,000 Refunding Bonds			
	Interest Rate	Principal Due	Interest Due	Total Due	Interest Rate	Principal Due	Interest Due	Total Due	Interest Rate	Principal Due	Interest Due	Total Due
2017	5.000%	\$ 1,295,000	\$ 484,010	\$ 1,779,010	3.250%	\$ 450,000	\$ 753,081	\$ 1,203,081	4.000%	\$ 470,000	\$ 108,375	\$ 578,375
2018	5.000%	1,290,000	419,260	1,709,260	4.000%	475,000	738,456	1,213,456	4.000%	490,000	89,575	579,575
2019	5.000%	1,285,000	354,760	1,639,760	5.000%	525,000	719,456	1,244,456	4.000%	485,000	69,975	554,975
2020	4.200%	1,280,000	290,510	1,570,510	5.000%	575,000	693,206	1,268,206	4.000%	480,000	50,575	530,575
2021	5.000%	1,265,000	236,750	1,501,750	4.000%	625,000	664,456	1,289,456	3.250%	470,000	31,375	501,375
2022	5.000%	1,000,000	173,500	1,173,500	4.000%	925,000	639,456	1,564,456	3.500%	460,000	16,100	476,100
2023	5.000%	1,240,000	123,500	1,363,500	4.000%	1,250,000	602,456	1,852,456	-	-	-	-
2024	5.000%	1,230,000	61,500	1,291,500	4.000%	1,350,000	552,456	1,902,456	-	-	-	-
2025	-	-	-	-	4.000%	1,750,000	498,456	2,248,456	-	-	-	-
2026	-	-	-	-	4.125%	1,825,000	428,456	2,253,456	-	-	-	-
2027	-	-	-	-	4.200%	1,900,000	353,175	2,253,175	-	-	-	-
2028	-	-	-	-	4.500%	1,975,000	273,375	2,248,375	-	-	-	-
2029	-	-	-	-	4.500%	2,050,000	184,500	2,234,500	-	-	-	-
2030	-	-	-	-	4.500%	2,050,000	92,250	2,142,250	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
		<u>\$ 9,885,000</u>	<u>\$ 2,143,790</u>	<u>\$ 12,028,790</u>		<u>\$ 17,725,000</u>	<u>\$ 7,193,238</u>	<u>\$ 24,918,238</u>		<u>\$ 2,855,000</u>	<u>\$ 365,975</u>	<u>\$ 3,220,975</u>

Zeeland Public Schools
SCHEDULE OF BONDED INDEBTEDNESS
Year Ended June 30, 2016

Fiscal Year Ended June 30	2012 Refunding Bonds				2015 Refunding Bonds				2015 School Building and Site Bonds, Series A			
	\$21,745,000 Refunding Bonds				\$25,055,000 Refunding Bonds				\$38,250,000 General Obligation Bonds			
	Interest Rate	Principal Due	Interest Due	Total Due	Interest Rate	Principal Due	Interest Due	Total Due	Interest Rate	Principal Due	Interest Due	Total Due
2017	4.000%	\$ 1,135,000	\$ 712,456	\$ 1,847,456	4.000%	\$ 1,895,000	\$ 1,156,800	\$ 3,051,800	4.000%	\$ 650,000	\$ 1,878,250	\$ 2,528,250
2018	4.000%	1,170,000	667,056	1,837,056	5.000%	2,040,000	1,081,000	3,121,000	4.000%	775,000	1,852,250	2,627,250
2019	4.000%	1,210,000	620,256	1,830,256	5.000%	2,210,000	979,000	3,189,000	5.000%	325,000	1,821,250	2,146,250
2020	4.000%	1,260,000	571,856	1,831,856	5.000%	2,390,000	868,500	3,258,500	5.000%	350,000	1,805,000	2,155,000
2021	5.000%	1,315,000	521,456	1,836,456	5.000%	2,580,000	749,000	3,329,000	5.000%	375,000	1,787,500	2,162,500
2022	4.000%	1,390,000	455,706	1,845,706	5.000%	2,780,000	620,000	3,400,000	5.000%	375,000	1,768,750	2,143,750
2023	4.000%	1,380,000	400,106	1,780,106	5.000%	2,980,000	481,000	3,461,000	5.000%	400,000	1,750,000	2,150,000
2024	3.000%	1,455,000	344,906	1,799,906	5.000%	3,130,000	332,000	3,462,000	5.000%	425,000	1,730,000	2,155,000
2025	3.000%	1,820,000	301,256	2,121,256	5.000%	3,510,000	175,500	3,685,500	5.000%	850,000	1,708,750	2,558,750
2026	3.125%	1,870,000	246,656	2,116,656		-	-	-	5.000%	1,850,000	1,666,250	3,516,250
2027	3.125%	1,915,000	188,219	2,103,219		-	-	-	5.000%	1,950,000	1,573,750	3,523,750
2028	3.250%	1,960,000	128,375	2,088,375		-	-	-	5.000%	2,075,000	1,476,250	3,551,250
2029	3.250%	1,990,000	64,675	2,054,675		-	-	-	5.000%	2,225,000	1,372,500	3,597,500
2030		-	-	-		-	-	-	5.000%	4,100,000	1,261,250	5,361,250
2031		-	-	-		-	-	-	5.000%	4,125,000	1,056,250	5,181,250
2032		-	-	-		-	-	-	5.000%	4,175,000	850,000	5,025,000
2033		-	-	-		-	-	-	5.000%	4,225,000	641,250	4,866,250
2034		-	-	-		-	-	-	5.000%	4,275,000	430,000	4,705,000
2035		-	-	-		-	-	-	5.000%	4,325,000	216,250	4,541,250
		<u>\$ 19,870,000</u>	<u>\$ 5,222,981</u>	<u>\$ 25,092,981</u>		<u>\$ 23,515,000</u>	<u>\$ 6,442,800</u>	<u>\$ 29,957,800</u>		<u>\$ 37,850,000</u>	<u>\$ 26,645,500</u>	<u>\$ 64,495,500</u>

Zeeland Public Schools
SCHEDULE OF BONDED INDEBTEDNESS
Year Ended June 30, 2016

Fiscal Year Ended June 30	Total Bonded Indebtedness		
	Principal Due	Interest Due	Total Due
2017	\$ 5,895,000	\$ 5,092,973	\$ 10,987,973
2018	6,240,000	4,847,598	11,087,598
2019	6,040,000	4,564,698	10,604,698
2020	6,335,000	4,279,648	10,614,648
2021	6,630,000	3,990,538	10,620,538
2022	6,930,000	3,673,513	10,603,513
2023	7,250,000	3,357,063	10,607,063
2024	7,590,000	3,020,863	10,610,863
2025	7,930,000	2,683,963	10,613,963
2026	5,545,000	2,341,363	7,886,363
2027	5,765,000	2,115,144	7,880,144
2028	6,010,000	1,878,000	7,888,000
2029	6,265,000	1,621,675	7,886,675
2030	6,150,000	1,353,500	7,503,500
2031	4,125,000	1,056,250	5,181,250
2032	4,175,000	850,000	5,025,000
2033	4,225,000	641,250	4,866,250
2034	4,275,000	430,000	4,705,000
2035	4,325,000	216,250	4,541,250
	<u>\$ 111,700,000</u>	<u>\$ 48,014,284</u>	<u>\$ 159,714,284</u>